



Doing Business in Kosovo:

2014 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Kosovo

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Market Overview

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- Six years after declaring independence from Serbia, Kosovo has made important but incomplete progress on creating the business and legislative environment required to reach its economic potential. The government dedicated itself to supporting the principles of a free market economy with its 2011 “Economic Development, Vision, and Action Plan,” which commits Kosovo to five pillars of economic growth: maintaining macro-fiscal sustainability, improving the investment environment, developing public infrastructure, revitalizing the agriculture sector, and enhancing human capital. With guidance of the international community, the government has received good marks on some of these objectives, especially macro-fiscal status, but it needs to develop its public infrastructure, support the long-term revitalization of the agricultural sector, and reverse its substantial trade deficit.
- According to the Kosovo Statistical Agency, Kosovo’s main trade partners are European Union countries (approximately 51% for exports and 42% for imports) and its neighbors through the Central European Free Trade Agreement (approximately 38% for exports and 26% for imports). Kosovo’s trade deficit is significant with exports covering only about 13% of imports.
- The Central Bank of Kosovo (CBK) identified Turkey as the largest investor in Kosovo in 2013 (€86.8 million), followed by Switzerland (€41.7 million), Germany (€30.1 million), and Albania (€18.9 million). Investment from the United States totaled €12.5 million.
- Kosovo has markedly improved its rank in the 2014 World Bank’s Ease of Doing Business Report, primarily as a result of simplifying business licensing and registration procedures and the establishment of the National Council for Economic Development under the stewardship of Minister of Trade and Industry (MTI).
- The government has not implemented meaningful judicial reform, strengthened contract enforcement, resolved endemic procurement irregularities, or completed land registration and titling improvements, all of which contribute to an uncertain business environment.
- The government has received mixed reviews for its privatization efforts. Against a backdrop of growing public animosity toward foreign investment and privatization of

national assets, the government privatized Adem Jashari International Airport--Pristina in 2011 and the publicly owned energy distribution network, KEDS, in mid-2012. Privatization of the national telecommunications carrier, PTK, failed for the second time in late 2013. The government did not prepare the public for the broad benefits of privatization or the long-term growth and additional foreign investment potential from the transactions.

- Some international investors have also complained of a lack of governmental support for privatized socially owned enterprises, which often face competitive disadvantages as the new owners attempt to bring them up to modern specifications and operation.
- Major foreign investment projects in the near term include: (i) the government issued a public tender for a new coal-fired power plant ("Kosovo C") in March 2013; (ii) a modern, year-round resort village near the current Brezovica ski area; and construction of a highway from Pristina to the Macedonian border due to begin later in 2014. However, the outcome of early parliamentary elections in June could affect these needed projects.

Political and Administrative Overview

- On February 17, 2008, the Kosovo Assembly voted to declare independence from Serbia. The United States was among the first countries to recognize the newly independent state. In July 2010, the International Court of Justice ruled Kosovo's declaration of independence did not violate international law. Although the list of countries that recognizes Kosovo continues to grow, major powers, including Russia, India, and China, do not recognize Kosovo's independence, blocking its entry into the United Nations and other international bodies. Kosovo's relations with the European Union, while generally positive, are complicated by five EU member states (Cyprus, Greece, Romania, Slovakia, and Spain) that do not recognize Kosovo's independence.
- After experiencing several changes in democratic leadership in early 2011, the political situation in Kosovo is currently stable. An ongoing dialogue process between Kosovo and neighboring Serbia has resulted in numerous agreements that have made trade, commerce, and travel between the two countries easier. In April 2013, the two governments reached an accord through the EU on the normalization of relations that permits more local administration for Serbian-majority areas in the north of the country in exchange for the cessation of Government of Serbia operations and the extension of Kosovo law there; both parties are currently implementing the agreement.
- Deficiencies in bureaucratic and technical capacities at the local and central government levels remain a challenge to economic development. Backlogs in court cases continue despite the 2010 adoption of a "National Backlog Reduction Strategy," by the Kosovo Judicial Council in 2010. Corruption is widespread and reflects a "cost-of-doing business" mentality prevalent in many parts of the region. Anti-corruption efforts suffer from a lack of cohesion, forceful action, and follow-through measures, including prosecution. The Anti-Corruption Agency began operations in 2006 but lacks political support and funding.

- Public administration is often inefficient and subject to political interference. The civil service and public finance management functions lack full transparency and accountability even when an appropriate legal framework is in place. With the notable exception of the Central Bank of Kosovo, Customs, and some instances of the Kosovo Statistics Agency (KSA), data collection has been generally inconsistent and is often not subject to rigorous methodology, resulting in a partial, and sometimes distorted, view of Kosovo's economy. Strong anecdotal evidence places Kosovo's parallel economy at 30-40% of GDP, which in 2013 totaled €5.1 billion. This amount escapes formal taxation and is not captured in the consolidated budget.

Market Challenges

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- Despite a flat 10% corporate tax rate and low employer contributions to employee pensions, Kosovo's population -- officially 1.8 million people based on census results published in 2012 -- may present a challenge to investment in industries requiring a substantial economy of scale to realize profitability. Exceptions exist where the investment in Kosovo is part of a regional business strategy, the product is unique or a western brand, or the investor operates in areas in which little competition exists. The government has managed to improve its "Ease of Doing Business" indices by removing unnecessary regulations and licensing and permitting requirements; this effort is, however, incomplete.
- Kosovo's traditionally weak judicial system is an impediment to foreign investment and has inspired little investor confidence that business interests will be fully or efficiently protected under the law. The Kosovo Bar Association includes very few firms capable of providing legal services at a level expected in a more developed business market.
- Public procurement in Kosovo is a challenge. The government does not have the capacity to successfully manage large-scale transactions on its own. Local and regional distributors in these fields have consistently complained about irregularities in public tenders at the national and municipal levels. A review of the evidence bears out many of their allegations. On the private-sector front, tenders for higher-end goods, such as medical appliances, automobiles, and essential pharmaceuticals, are conducted generally without incident, and larger contracts often contain an Alternative Dispute Resolution clause.
- Kosovo's relatively underdeveloped physical infrastructure, including a general lack of modern roads, Class A office space, and dilapidated rail facilities, also presents challenges for companies.
- Kosovo has a young population, with around 60% under 30 years of age; the decimation of the education system in the 1990s led to a generation that is of working age but lacks the necessary training and development in some cases to be a successful workforce. However, the return of many diaspora Kosovars to Kosovo and international educational

exchange programs is leading to a growing number of young Kosovars who speak English and have western educations.

Market Opportunities

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- Kosovo reported a GDP growth rate of 3.2% in 2013, among the highest in the region and throughout Europe. Leading domestic industries include agriculture, metals and mining, and construction materials. A significant portion of GDP comes in the form of remittances from the Kosovar-Albanian diaspora living in the Western Europe. For 2013, the Central Bank of Kosovo estimated the diaspora contributed €633 million to relatives in Kosovo, which is over 12% of GDP. In addition, the international community provides substantial financial assistance, though this is declining.
- The country's narrow export base has resulted in a significant trade deficit requiring an increase in local development and investment. Kosovo's largest exports are scrap metal, nickel, and lead; the market for these exports has begun to improve in the wake of the global financial crisis.

Following is a snapshot of Kosovo's economy, broken down by business sector:

Sector	No. of Companies	Share (%)	Initial Capitalization (in €)
Transportation and Hotel Services	570	11.00	1,381,145,343.00
Trade	2103	39.50	392,119,585.13
Financial	167	2.91	494,550,233.90
Construction	659	11.97	1,267,061,887.16
Processing	892	14.94	817,004,949.73
Consulting	463	9.06	8,134,240.90
Other Services	618	9.80	52,457,836.05
Education	50	0.83	1,219,200.00
Total	5500	100	4,413,693,275.87

- The privatization of more than 600 socially owned enterprises (SOEs) continues under the authority of the Privatization Agency of Kosovo (PAK), an independent government institution overseen by the Kosovo Assembly. Responsibility for the privatizations was transferred from the Kosovo Trust Agency (KTA), a former UNMIK entity, in 2009. In 2011, the Kosovo Assembly passed three important laws pertaining to streamlining privatization, facilitating swifter resolution of creditor, ownership, and property claims against SOEs arising from the privatization and liquidation.

Kosovo and its citizens are highly pro-American and welcome U.S. investment in various sectors:

- Energy: Kosovo's vast lignite-coal resources and strategic regional location, along with the substantial power deficit in Southeastern Europe provide opportunities for energy-generation projects.
- Mining: This important contributor to Kosovo's economy has declined in relevance due to a lack of investment in equipment, facilities, and development of new mines. This sector has significant foreign investment potential, and the Independent Commission of Mines & Minerals (ICMM) has issued over 500 exploration and mining licenses since 2007. Serbia still asserts ownership of one of Kosovo's largest mine, Trepca, despite its location in Kosovo and Kosovo's legal right to pay creditors and privatize the entity.
- Telecommunications: The sale of 75% of state-owned Post and Telecommunications of Kosovo (PTK) to a German-led consortium failed in late 2013. As a result, PTK lags behind in the introduction of more advanced technologies, including 3G, which its competitor IPKO (Telekom Slovenia) launched in January 2014. The telecommunications regulator has adopted regulations to permit 3G and 4G licenses, and opportunities to provide services in support of 4G may exist in the near future.
- Health: Kosovo has an urgent and growing need for quality basic and specialized health and medical services, facilities, and products. Many Kosovo citizens travel to other countries to meet their health-care needs, and local solutions present a potentially lucrative opportunity for outside investors.
- Infrastructure Development: Kosovo is in vital need of infrastructure development, including modern roads, housing, healthcare, and sanitation projects. The Kosovo Government and the private sector are seeking project designers, engineers, and managers, as well as high-quality production inputs, machinery, and tools. Following a transparent and successful private concession of Adem Jashari Pristina International Airport to French-Turkish consortium (Limak-Aeroport de Lyon), over €100M was invested in a new 42,000-square-meter terminal, control tower, car park, and access road from the capital, as well as better runways. Following a successful tender for the Route 7 (Pristina-Albania) Highway, the government is finalizing the contract for Route 6 to connect Pristina with the Macedonian border.
- Food Products: Considerable demand exists for U.S. food products, such as frozen meat, chicken, canned goods, cereals, and alcoholic and non-alcoholic beverages. Demand for fresh and organic products from the region is also growing.
- IT: The Kosovo Government has expressed an interest in developing the country into a regional industry hub for IT-related products and services. Companies report a relatively high level of IT competency, along with reasonable English-language skills, among local employees. Lack of a unified law on Intellectual Property Rights and its forceful implementation, however, present a challenge that the government is working to overcome.

As Kosovo's economy develops, so, too will the need for expert financial, legal, architectural, engineering, and graphic design services.

- Conduct appropriate market research and due diligence to adequately assess investment climate.
- Visit Kosovo and meet potential partners, government officials, and business associations. This is essential for understanding the local business climate.
- Establish strong personal ties, which is key to doing business in Kosovo.
- Choose good legal representation (usually international) to protect interests.
- Exercise due diligence when identifying a local agent or partner to enhance business opportunities.
- Be prepared to invest significant financial resources for business development given Kosovo's limited banking and financial sectors.
- Note that commercial and physical infrastructure, including electricity, and some transport facilities are inadequate and not reliable.
- Consider opportunities to develop company-based workforce training and development programs with local partners to build necessary labor inputs for the investments.

More information on doing business in Kosovo is available at the U.S. Embassy in Kosovo's website: <http://pristina.usembassy.gov/business.html>

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/3/pa/ei/bgn/100931.htm>

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Using an Agent or Distributor

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Foreign companies doing business in Kosovo are not required to have a local agent, but it is advisable to retain one in order to enhance knowledge of local economic and market conditions. Kosovo does not have laws regulating local agent and distributor agreements. Any local agent or distributorship relationship should be clearly defined and stipulated by contract and contain an Alternative Dispute Resolution (ADR) clause. Agreements should also be registered with local courts in case of a legal disagreement.

The U.S. Embassy Pristina (USEP) was announced as the 59th Department of Commerce-Department of State Commercial Partnership Post in January 2014. Through our partner Post – Commercial Service Vienna, we can provide business facilitation and some Commercial Services to interested U.S. and U.S.-affiliated businesses. Please see our website for more information.

http://pristina.usembassy.gov/services_for_us_companies.html

Establishing an Office

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All foreign and local companies expecting to do business in Kosovo are required to register with the Ministry of Trade and Industry's (MTI's) Business Registration Agency. Registration forms may be downloaded from <http://www.arbk.org/en/Home>. Registering a business normally takes three days, and the following types of business can be registered: sole-proprietor enterprise, general partnership, limited-liability company, limited partnership, and a joint-stock company. There is no limitation on foreign ownership of local companies, and foreign investors face no restrictions on moving capital and profits outside of Kosovo. Non-citizens are permitted to own

property in Kosovo without restriction (subject only to the same limitations as a local owner). Several U.S. citizens have purchased business property through the privatization of socially-owned enterprises (SOEs), conducted by the Privatization Agency of Kosovo (www.pak-ks.org).

Franchising

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No major U.S. or Western European franchises in the hospitality or restaurant industry currently operate in Kosovo, though there are a handful of successful retail outlets and licensees in Kosovo. With improved legal and physical infrastructure, the Kosovo market is open for additional opportunities, especially in the hotel, restaurant, and hospitality industries. Current U.S. franchises and licensees include: Coca-Cola, RC Cola (bottling license in Kosovo, distribution rights for Serbia, Macedonia, Albania, and Montenegro), Nike (distribution license for Kosovo), Office One Superstore, Apple (branch of Apple Premium Reseller in Croatia), Century 21, and Hertz Rent-a-Car. Other international companies present in Kosovo include Benetton (Italy), Terra Nova (Italy), Zara (Spain), Mango (Spain), Bitsiani (Greece), SBC Computers (Serbia), and Maxi Mart (Serbia). Improvements in IPR enforcement are necessary, however, to protect the rights of the grantor. Local consumers seek high-quality, reliable products and services at reasonable prices. Kosovo has a sizable international community, and large numbers of Kosovo citizens residing abroad return several times a year, demanding higher quality goods and services and expanding the potential franchise market.

Direct Marketing

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Many foreign companies actively market their products and services in Kosovo. The Internet is used, but more traditional means of advertising, such as television and radio, and leaflets are considered generally more effective. Direct mailing is not a viable option due to the unreliability of Kosovo's postal system.

Joint Ventures/Licensing

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According to the Foreign Investment Law (Kosovo Assembly Law 04/L-220), foreign investors may wholly own businesses in all sectors of the economy, with the exception of the manufacture or distribution of military products, where equity is limited to 49 percent. Foreign investors in all other areas are subject to the same licensing requirements as local investors. Foreign investors may be required to file a statement with local authorities identifying principal stakeholders and types of investment. No other filing requirements in excess of those required for similar domestic businesses are required for foreign investors.

Selling to the Government

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The government consumes a wide range of products and services; its procurement process is based on the tendering procedures outlined in the Public Procurement Law, which applies to all procurement-related actions involving funds from the Kosovo Consolidated Budget. The law provides guarantees for equal treatment and non-discrimination, transparency, fair

competition, and accountability. Foreign companies are permitted to bid on an equal basis with local firms. Despite an absence of local-content requirements, a new amendment to the Public Procurement Law gives preference to local bidders when the quality and price are comparable to foreign bidders. Nevertheless, vendors routinely complain about irregular conduct in public tenders, both at the national and municipal levels, and have generally found the official appeals system inadequate to redress grievances.

Distribution and Sales Channels

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Many local importers are also wholesalers, distributors, and retailers. Until 2001, retail goods were sold almost exclusively through small family-owned businesses. In the last several years, locally owned supermarket chain “ELKOS” has opened mega stores in key cities, and foreign companies have partnered with local businesses to open supermarkets, including Interex, Jusk, and Lesna. Kosovo is land-locked and all goods arrive by road, limited rail from Macedonia, and air transport. The closest seaports are Durres, Albania and Thessaloniki, Greece (about 130 miles and 170 miles from Pristina respectively). A newly built highway constructed by the U.S.-Turkish consortium, Bechtel-Enka, connects Kosovo to Durres with a drive time from Pristina of less than four hours. The Government of Albania has assigned its port at Shengjin for Kosovo’s use.

Selling Factors/Techniques

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U.S. goods and services enjoy an excellent reputation in Kosovo. If a U.S. representative is unable to be in Kosovo full-time, a local agent or distributor is recommended. While the capacity of newly established local marketing firms is improving, local companies distributing U.S. goods usually seek marketing assistance from the producer or will let the foreign company market the product directly. Domestic and regional business fairs are useful for identifying and establishing contacts with local distributors. Although English is widely spoken in Kosovo, it is advisable that sales materials be printed in Albanian and Serbian if possible.

Electronic Commerce

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E-Commerce in Kosovo is in an emergent phase. Nine commercial banks (ProCredit, Raiffeisen, NLB and TEB, BKT, BPB, and Banka Ekonomike) have introduced Internet banking. All publicly-owned utilities offer customers options to pay bills on-line.

Trade Promotion and Advertising

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Local advertising and marketing firms provide services primarily to domestic companies, but also to a handful of established international firms operating in Kosovo. Several companies offer strictly promotional services, while others, such as Zero Pozitive and international PR firm Ogilvy, offer fully integrated marketing and advertising packages.

Advertising and Marketing Firms:

Zero Pozitive Publicis
Ulpiana, te Kulla 31, 10000 Pristina
Telephone: +381 (0)38 22 00 20/22 00 30/22 00 50
E-mail: info@zeropozitive.com
Website: <http://www.zeropozitive.com/>

Ogilvy Kosova – Karrota LLC
Ilaz Agushi 4, 10000 Pristina
Telephone: +381 (0)38 232 333
E-mail: info@ogilvyks.com
Web: www.ogilvyks.com

CMB Production (Marketing Agency)
Mother Theresa, Radio Kosova Annex, n.n.
10000 Pristina
Telephone: +381 (0)38 225 611;
E-mail: info@cmbonline.net;
Website: <http://www.cmbonline.net/english/home.htm>

Rrota (Advertising Agency)
Kroi i Bardhe 60-62
Telephone: +381 (0)38 544 299
E-mail: info@rrota.net
Website: <http://www.rrota.com>

Paper Communications
Mujo Ulqinaku No12, 10000 Pristina
Telephone: +381 38 60 99 60. E-mail: info@paper.al

Init Production (Ad Agency/Production)
Rexhep Luci 5, Hyrja 2, Kati 2 10000 Pristina
Telephone: +381 (0)38 243 841
E-mail: info@init.tv; alush@init.tv

Pixels Production
Perandori Justinian12, Pejton, 10000 Pristina
Telephone: +381 (0)38 749 357
Cell: +377 (0)44 749 357 or +386 (0)49 749 357
E-mail: gazi@pixels-production.com; info@pixels-production.com
Web: [http://www.pixels-production.com/\(Albanian-language only\)](http://www.pixels-production.com/(Albanian-language%20only))

Newspapers:

Koha Ditore (Albanian-language daily)
Mother Theresa Street 31, 10000 Pristina
Telephone: +381 (0)38 249-104/105; 243 875
Fax: +381(0)38 249-106
E-mail: mailto:info@koha.net

Website <http://www.kohaditore.com/>

Zeri (Albanian-language daily)

Media House Annex, nn, 10000 Pristina

Telephone: +381 (0)38 249 071; 222- 451;249-751 (marketing)

Fax: +381 (0)38 249 071; 222-451

E-mail: marketing@zeri.info

Web: www.Zeri.info

Express (Albanian news portal)

Dardania 1/1, 10000 Pristina

Telephone: +381 (0)38 76 76 76

Fax: +381 (0)38 76 76 78

E-mail: <mailto:info@gazetaexpress.com>; marketing@gazetaexpress.com

Website: <http://www.gazetaexpress.com/>

Kosova Sot (Albanian-language daily)

Interpress Compound, Industrial Zone, 10000 Pristina

Telephone: +381 (0)38 60 10 10; 601 007;

E-mail: <mailto:kosovasot.marketing@gmail.com>

Web: www.kosova-sot.info

Lajm (Albanian-language daily)

Meto Bajraktari 18-1, 10000 Pristina

Telephone: +377 44 215 791

E-mail: <mailto:lajmgazeta@gmail.com>

Website: <http://www.lajmonline.com/>

Bota Sot (Albanian-language daily)

Bedri Pejani 3, 10000 Pristina

Telephone: +381 (0)38 237 732; E-mail: redaksia_pr@botasot.info; marketing@botasot.info

Website: <http://www.botasot.info/>

Epoka e Re (Albanian-language daily)

Gazeta Epoka e Re, Across from ex- UNMIK HQ, 10000 Pristina

Telephone: +377 44 127 434; +386 49 127 434

E-mail: mm_epokaere@yahoo.com; epokaere@hotmail.com

Tribuna (Albanian-language daily)

Telephone: +381 38 227 138;

E-mail: gazeta@tribunashqiptare.info; <mailto:marketing@tribunashqiptare.info>

Website: <http://www.gazetatribuna.com/en/>

Radio Stations:

There are three national radio stations, and three nationwide TV channels:

RTK-Radio Televizioni i Kosoves is a public television channel with two radio stations:

Radio Kosova, covers all of Kosovo
Tel: +381 (0)38 242 273

Radio Blue Sky, covers all of Kosovo
Tel: +381 (0)38 242 273

RTV21 is a privately owned television station that also owns a radio station:

Radio 21 – Tel: +381 (0)38 241 522

Television Stations:

RTK-Radio Televizioni i Kosoves (Kosovo's public TV station -- also broadcasting via satellite -- and two radio stations)

Address: Xhemail Prishtina 12, 10000 Pristina

Telephone: +381 (0)38 230 102/103;

Fax: +381 (0)38 235 336;

E-mail: post@rtklive.com; <mailto:marketing@rtklive.com>

Website: <http://www.rtklive.com/new/en/>

RTV21 (privately owned television station)

Media House, RTV21, 10000 Pristina

Tel/Fax: +381 (0)38 55 00 88

E-mail: <mailto:lajmet@rtv21.tv>; shpresa.rtv21@gmail.com (marketing);

Website: <http://www.rtv21.tv/>

Koha Vision (privately owned, part of Koha Group)

Mother Theresa Street n.n., 10000 Pristina

Tel: +381 (0)38 248 014/015

Fax: +381 (0)38 226 442

E-mail: lajmet@kohavision.net; marketing@koha.net; ktvmarketing@yahoo.com

Website: www.kohavision.net

Klan Kosova TV (Cable TV only)

Qendra Tregtare, Bregu i Diellit, kati i dyte, 10000 Pristina

Tel: +381 (0) 38 767 680; +381 (0) 38 551 144

E-mail: info@klankosova.tv; marketing@lemondesignstudios.com;

Website: <http://www.klankosova.tv/>

Pricing

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Kosovo uses the Euro as its currency. As a result, the Central Bank of Kosovo does not have an independent monetary policy, and prices largely reflect market trends in the larger eurozone. Local consumers are price conscious and actively seek out sales and discounts. Local businesses frequently offer promotions and sales events in order to attract customers and gain market

share. U.S. firms should study the market carefully to ensure that their goods and services are competitively priced.

Sales Service/Customer Support

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After-sales service and customer support are considered to be the responsibility of the local agent or distributor.

Protecting Your Intellectual Property

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The Kosovo Assembly passed three significant laws in 2011 regarding intellectual property rights (IPR) -- Law on Patents, Law on Trademarks, and Law on Industrial Design -- which provide legal protection of intellectual property rights, and authorize enforcement of trademark, copyright and patent laws, as well as any related international conventions. In addition, the Penal Code that entered into force on January 1, 2013 establishes criminal penalties for copyright and patent violations, while the new Law on Courts adopted the same year places established a Commercial Department at the Pristina Basic Court responsible for dealing with IPR cases nationwide.

The Ministry of Trade and Industry (MTI) established the Industrial Property Rights Office (IPO) in 2007 tasked with IPR protection. The 1981 Yugoslav Law on Protection of Inventions, Technical Improvements, and Distinctive Signs and the 1991 Law on Authors Rights are also considered applicable laws in Kosovo's courts. Newly enacted legislation adheres to international conventions, such as the Paris Convention, Madrid Protocol, TRIPS Agreement, Budapest Treaty, and several European Council Directives on the protection of IPR.

In order to increase the effectiveness in implementing IPR rights, the Government has established the National Intellectual Property Council which aims to increase inter-agency coordination in implementing IPR and comprises IPO, Copyright Office, Kosovo Customs, Kosovo Police's Department for Economic Crimes and Corruption, Market Inspectorate, Judicial and Prosecutorial Councils, Medicines Agency, Food and Veterinary Agency, and Environmental Protection Agency. The Government established the Task Force against Piracy in the field of copyright and related rights in January 2013.

Nevertheless as noted in the ICS chapter later in the text, protection of IPR rights in Kosovo is still poor, with rampant sale of pirated CDs, DVDs, and knock-off apparel, owing mainly to the ineffective enforcement of existing laws and general lack of IPR awareness.

Protecting Your Intellectual Property in Kosovo

Several general principles are important for effective management of intellectual property ("IP") rights in Kosovo. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Kosovo than in the United States. Third, rights must be registered and enforced in Kosovo under local laws. Your U.S. trademark and patent registrations will not protect you in Kosovo. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries offer copyright

protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Kosovo market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. Government generally cannot enforce rights for private individuals in Kosovo. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Kosovo law. For the list of attorneys please click: http://pristina.usembassy.gov/attorney_information.html

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Kosovo require constant attention. Work with legal counsel familiar with Kosovo laws to create a solid contract that includes non-compete clauses and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations based in Kosovo and the United States, including:

- The U.S. Chamber and the American Chamber of Commerce in Kosovo
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the U.S., contact the U.S. Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For U.S. small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.

Due Diligence

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The Central Bank of Kosovo has issued several tranches of Treasury Bills to the banking sector to high demand since 2012. No credit rating agencies in Kosovo cover private-sector actors. All U.S. businesses are advised to perform their own due-diligence checks prior to developing relationships with local firms. Due-diligence checks on socially-owned enterprises are particularly essential since the Privatization Agency of Kosovo (PAK) does not extend liability warranties to purchasers. U.S. companies are strongly encouraged to perform due-diligence checks on private firms as well, to ensure that the local company:

- Is not facing any bribery or corruption charges;
- Enjoys a certain level of financial stability that will enable it to meet financial obligations; and,

- Enjoys, along with its owners, a sound professional reputation in Kosovo.

Businesses are also encouraged to consult the chambers of commerce (American, Kosovo, Turkish, and German) and the Kosovo Business Alliance (KBA). In addition, the U.S. Embassy's Economic/Commercial team can conduct preliminary, informal background checks on local companies. For more information, please visit <http://pristina.usembassy.gov/business.html>

Local Professional Services

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Auditing Firms

Deloitte LLP, www.deloitte.com

Grant Thornton, www.grant-thornton.com.mk/AboutUs/GTKosovo.htm

Banking

ProCredit Bank, www.procreditbank-kos.com

Raiffeisen Bank, www.raiffeisen-kosovo.com

NLB Prishtina, www.nlbprishtina-kos.com

Banka Ekonomike www.bekonomike.com

Banka per Biznes www.bpbbank.com

Banka Kombetare Tregtare www.bkt-ks.com

TEB www.teb-kos.com

Turkiye Is Bankasi www.isbank.com.tr

Komercijalna Banka AD Beograd www.kombank.com (NOTE: This bank operates in Serb majority inhabited areas)

Insurance Companies

Illyria Insurance, <http://www.illyriainsurance.com/?page=2,1>

SIGURIA, <http://www.ks-siguria.com/ks-siguria/eng/>

SIGAL, <http://www.sigal-ks.com>

Note: You can find more information on banks and insurance companies in the Central Bank of Kosovo website: Central Bank of Kosovo, www.bqk-kos.org

Courier Services

FedEx

Eqrem Cabej St. 147, 10000 Pristina

Contact: Astrit Gosalci, Sales Representative

Tel: +381 (0)38 550 870

Cell: +377 (0)44 550 225

Email: fedexkosovo@gmail.com

(Please note that Fedex provides express mail services only)

UPS

Contact: Artan Bislimi, Manager of A.L. Dushi Services (an authorized service contractor for UPS)

105/1 UCK Street, 10000 Pristina

Tel: +381 (0)38 242-222

Fax: +381 (0)38 249 999
E-mail: artanb@aldushi.com

DHL
25b Mother Teresa Street, 10000 Pristina
Tel: +381 (0)38 545-545
Website: www.dhl.com
E-mail: dhl@kujtesa.com

Freight Forwarding

Some local shipping companies own trucks registered in third countries, making transit of goods easier across territories that do not recognize Kosovo, as well as for more efficient transport throughout the region. Memoranda of Understanding with Macedonia and Albania have been signed to smooth the transit of Kosovo-registered trucks, and several Kosovo-based companies have partnerships with firms in Albanian-majority areas of Serbia. Please contact the Kosovo Transport Association, or any of the following shipping companies, about how to transport goods in and out of Kosovo.

Kosovo Transport Association
Cell: +377 44 30 80 00
E-mail: laki.company@gmail.com

SHPK EURO IMPORT, Gjilan, Cell: +377 (0)44 133 209
NPT GRATIS COMMERC, Mitrovica, Cell: +377 (0)44 501 100
CINI COMMERC, Prizren: Cell: +377 (0)44 119 022
VARNA, Rogocice, Cell: +377 (0)44 183 570
NT NDERIMI, Ferizaj, Cell: +377 (0)44 503 868

Railtrans
Dardania BL9 LB4, n.n., 10000 Pristina
Tel/Fax: +381 (0) 38 551 021/551 470
Cell: +377 (0) 44 333 231/329 881
E-mail: info@railtrans.biz ; naim.spahiu@railtrans.biz
Web: <http://www.railtrans.biz>

Hotels

There are several privately-owned hotels in Pristina, as well as a handful of privatized socially-owned enterprises offering accommodation.

For more information on Pristina hotels please visit:
<http://www.inyourpocket.com/kosovo/pristina/hotels>

Hotel Emerald
Tel: +381 (0) 38 588 888
E-mail: contact@emeraldhotel.info; reservation@emeraldhotel.info

Web: www.emeraldhotel.com Tel: +381 (0)38 223-284/ 225-339
Cell: +377 (0)44 118-649

Hotel Pristina
+381 (0) 38 22 32 84
E-mail: reservations@hotelprishtina.com
Web: <http://www.hotelprishtina.com/>

Hotel Sirius
Tel: +381 (0) 38 22 22 80
Cell: +377 (0) 44 740 126
E-mail: <mailto:info@hotelsirius.net>
Web: <http://hotelsirius.net/web/?lang=en>

Hotel Swiss Diamond
Tel: +381 (0) 38 220 000
Fax: +381 (0) 38 250 000
E-mail: <mailto:reservations@sdhprishtina.com>
Web: <http://swissdiamondhotelprishtina.com/>

Hotel Victory
Tel: +381 (0)38 543-277/ 543-276
Cell: +377 (0)44 504 429
Fax: +381 (0)38 54 3-286
E-mail: reservation@hotel-victory.com; info@hotel-victory.com
Web: <http://www.hotel-victory.com/en>

Legal Firms

The U.S. Embassy Pristina assumes no responsibility for the professional ability or integrity of lawyers or law firms. Please note that all fees for services rendered by the firm selected are the responsibility of the individual who requests the services. Neither the U.S. Embassy Pristina nor the United States Government can assume responsibility for the fees or expenses incurred in use of services from these lawyers.

For the list of attorneys please click: http://pristina.usembassy.gov/attorney_information.html

Web Resources

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Kosovo Government: www.rks-gov.net

UNMIK (United Nations Mission in Kosovo): www.unmikonline.org

EULEX (European Union Rule of Law Mission): www.eulex-kosovo.eu

Kosovo Customs: <http://dogana.rks-gov.net/en/>

Privatization Agency of Kosovo: www.pak-ks.org

Investment Promotion Agency of Kosovo: www.invest-ks.org

Business Registration Agency: <http://www.arbk.org/arb/>

Kosovo Chamber of Commerce: www.oek-kcc.org

American Chamber of Commerce in Kosovo: www.amchamksv.org

Kosovo Pension Savings and Trust: <http://www.trusti.org/>

Statistical Office of Kosovo: <http://esk.rks-gov.net/eng/>
Central Bank of Kosovo: <http://www.bqk-kos.org/?cid=2,1>
Kosovo Railways: <http://www.kosovorailway.com/?lang=en>
Pristina International Airport: www.airportpristina.com
Radio and Television of Kosovo (RTK): www.rtklive.com
Kohavision: www.kohavision.net
Radio and Television 21: www.rtv21.tv
Koha Ditore Daily Newspaper: www.koha.net
Express Daily Newspaper: www.gazetaexpress.com
Zeri Daily Newspaper: <http://www.zeri.info/>
Lajm Daily Newspaper: www.gazetalajm.info
Kosovalive Newsagency: www.kosovalive.com/?cid=2
Kosovapress Newsagency: www.kosovapress.com
Telegrafi: <http://www.telegrafi.com/>
Kosovo Information Center: www.kosova.com/kategoria/english
Post and Telecom of Kosovo: www.ptkonline.com
Kosovo Public Tenders: <http://krpp.rks-gov.net/Default.aspx?LID=2>
Economic Initiative for Kosovo: www.eciks.org/english

Please note that all of Kosovo's laws and regulations can be located at:

www.gazetazyrtare.com or <http://www.kuvendikosoves.org/?cid=2,122>

Foreign Investment Law: http://www.kuvendikosoves.org/common/docs/ligjet/2005_02-L33_en.pdf

Law on Business Organizations:

http://www.kuvendikosoves.org/common/docs/ligjet/2007_02-L123_en.pdf

Law on Public Procurement:

<http://www.kuvendikosoves.org/common/docs/ligjet/Law%20on%20public%20procurement.pdf>

Public Tendering Procedures:

<http://krpp.rks-gov.net/Default.aspx?LID=2>

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Chapter 4: Leading Sectors for U.S. Export and Investment

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Telecommunications

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- In April 2013, the Government of Kosovo selected a consortium led by Axos Capital (Germany) and Najafi Companies (United States) as the winning bidder for privatization of 75% of the shares of the publicly owned Post & Telecom of Kosovo (PTK). However the parties failed to complete the transaction after the Kosovo Assembly refused to approve the sale. PTK has a monopoly on landline services.
- The latest Telecommunications Regulatory Authority (TRA) report shows over 151,700 internet users with 84.8% household penetration. Three main companies -- IPKO, PTK, and Kujtesa -- provide internet service for over 92% of Kosovo's Internet market.
- PTK offers mobile telephone services through its subsidiary VALA and has over 1,000,000 customers (57% of the overall market). Kosovo's telecommunications sector is one of the least expensive in the region and comparatively has the same quality of voice services as other providers in the region. VALA has fallen behind in data services and currently uses antiquated 2G EDGE technology. The TRA has updated regulations to include the issuance of 3G and 4G licenses. Mobile telephony penetration in Kosovo is 95.6%, covering over 99% of inhabited places and 88% of Kosovo's territory.
- Slovenija Telekom, a Slovenian state-owned company partnering with local firm IPKO, won the 2006 tender for a second mobile phone operator. Although the tendering process was marred by allegations of irregularities, IPKO started operations in January 2008. By the beginning of 2009, both IPKO and PTK separately reached agreement with Mobile Virtual Network Operators (MVNO) to brand their products in Kosovo. "D3" mobile was launched in December 2008 using IPKO's infrastructure, and "Z-Mobile" with PTK in December 2009. IPKO is Kosovo's only 3G mobile carrier. Effectively, four mobile providers are competing in Kosovo.
- Mobtel, a Serbian company specializing in services aimed at the Kosovo-Serb community, does not have a license to operate in Kosovo. When the Norwegian company Telenor purchased Mobtel in 2006, Mobtel voluntarily ceased operations in most parts of Kosovo. Telenor continues to provide service illegally in some minority Serb areas of the country. It is estimated that more than 200,000 people are using the services of unlicensed providers, including service that encroaches into Kosovo's territory from Macedonia and Montenegro.
- Through the auspices of the EU, Kosovo and Serbia are working towards an agreement allowing Kosovo to get its own unique country code. Currently, Kosovo uses Serbia's country code (381) for international landline calls, while VALA rents Monaco's country code (377) at considerable cost. IPKO uses Slovenia's country code (386), also resulting in higher tariffs for end users.

Sub-Sector Best Prospects

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- General service mobile (GSM) operator
- GSM network supplies, equipment and technology
- Network management
- Telecommunications infrastructure development including WiMax and other municipal wireless internet services.

Opportunities

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IPKO launched 3G mobile service in 2014. VALA is in discussions to upgrade its current 2G infrastructure to 3G, and possibly 4G, during 2014. Both operators plan to continue with launching of 4G so there will be opportunities to offer for provision of related infrastructure.

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Telecommunications Regulatory Authority (TRA):

Tel: +381-38 212-345; E-mail: info@art-ks.org; Website: www.arkep-rks.org

Post and Telecom of Kosovo Joint Stock Corporation (PTK J.S.C.): www.ptkonline.com

Energy

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Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	5,679.6 GWh	5,722.3 GWh	5,493.9GWH	5,493.9GWH
Total Local Production	5,479 GWh	6,020 GWh	5,337 GWH	5,337 GWH
Total Exports	371.3 GWh \$15.2 million	755.5 GWh \$29 million	465 GWH \$15.8 million	465 GWH \$15.8 million
Total Imports	571.9 GWh \$ 59.5 million	457.8 GWh \$38.7 million	621.9 GWH \$59.2 million	621.9 GWH \$59.2 million
Imports from the U.S.	N/A	N/A	N/A	N/A

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Kosovo Energy Distribution and Supply (KEDS)

Total Local Production: KEDS

Total Exports: KEDS

Total Imports: KEDS

Imports from U.S.:N/A

Energy is potentially an attractive sector for U.S. and foreign investment. Kosovo is currently unable to meet its domestic need, and demand for energy is rising locally and regionally. The World Bank estimates current demand in Southeastern Europe at 30,000 MW/year, with a supply deficit of around 15,000 MW. Kosovo's strategic location in Southeastern Europe and vast lignite-coal resources provide opportunities for an independent power producer (IPP) to service Kosovo and the region. Recent amendments to the Law on Mines and Minerals allow for private entities to request exploration and mining licenses for lignite.

There is a vital need for stable, base-load power generation in Kosovo that can meet consumer demand. Power shortages and outages have grown less frequent, but can still occur when generation and import capacity do not meet demand. Electricity in Kosovo is produced by two lignite-fired thermal power plants, known as Kosovo A and Kosovo B, that use 1960s and 1970s technology respectively and a small hydropower plant (HPP) in the north of the country. Given the current state of the energy equipment, the two thermal power plants are currently only capable of producing up to 880 MW, and the hydropower plant produces an additional 32 MW reaching a capacity of over 42 MW when four other smaller HPPs are added. However, estimated place Kosovo's daily needs at over 1,400 MW on peak hours by 2020. High import prices, caused in part by a general regional deficit of energy, inhibit the government's ability to fully offset the deficit in domestic production.

In July 2009, in consultation with the European Commission, World Bank, and USG, the Government of Kosovo developed a new energy strategy, a multi-track approach to advance

sector reform via privatization of Kosovo's Energy Distribution and Supply company (KEDS), closure of Kosovo A by 2017, rehabilitation of Kosovo B, development of a new power plant ("Kosovo C"), and the pursuit of renewable and energy efficient measures.

The government sold KEDS in a multi-bidder process to the Turkish consortium of Limak-Calik in June 2012, and the transfer of ownership took place May 2013. The new owners have pledged to invest heavily to improve and expand the distribution network, increase collections, reduce electricity losses, and improve the security of supply and overall service quality.

In late 2012, the government removed Kosovo B from the tendering package for Kosovo C and removed the mines in 2013. Despite delays, the New Kosovo project is back on track and the government intends to finalize the process by end of 2014.

The government, with financial assistance from the World Bank, engaged consultants to conduct preliminary environmental and social assessments for the construction of a new hydropower plant at Zhur in southern Kosovo. The Zhur hydropower plant is envisaged to produce a maximum of 305 MW of electricity. The government's current plans for the project are unclear.

A World Bank study estimated that the existence in Kosovo of 12 billion tons of lignite coal that, with the necessary infrastructure and power generation improvements, could produce an additional 2000 MW of electricity. Kosovo has the fifth largest proven lignite-coal reserves in the world, and the World Bank ranked Kosovo first in Europe in potential cost efficiency of electricity generation. A significant amount of money would be needed to develop all aspects of Kosovo's energy sector. Kosovo's power industry provides enormous potential and a promising starting point for U.S. companies wanting to enter the Southeastern Europe energy market.

The government has expressed interest in exploring the potential for solar, wind, and geothermal energy. Reliable baseline data are required for all sources, including hydro. Development of projects will require the establishment of a suitable regulated tariff regime that clearly addresses all aspects of system reliability and any subsidies that may be required. The World Bank has been providing the Energy Regulatory Office assistance to develop a renewable-energy tariff regime. End-use energy-efficiency improvements will become increasingly attractive once collection discipline is complete and full-cost tariffs provide proper incentives. Several donors are already beginning to develop programs in this area.

Sub-Sector Best Prospects

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- Turbines
- Generators
- Power systems spare parts
- Power operation and maintenance services
- Legal and consulting services

Opportunities

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- New, independent power plants (coal or hydro powered)
- Renewable energy, especially wind and water
- Energy Efficiency, especially in residential dwellings

Web Resources

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Kosovo Energy Corporation J.S.C. (Joint Stock Company): www.kek-energy.com

Kosovo Energy Regulatory Office: www.ero-ks.org

Kosovo Ministry of Economic Development: <http://mzhe.rks-gov.net/> World Bank Kosovo Office: www.worldbank.org/kosovo

Mining

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* 2012 data are aggregated from Kosovo Customs, Independent Commission on Mines and Minerals (ICMM), and IMF statistics. 2013 data is from the Kosovo Statistical Agency. Total imports include imported raw materials, which may become part of finished goods for re-export.

Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	\$777,221,000	\$715,900,000	N/A	N/A
Total Local Production	\$76,690,000	\$76,690,000	N/A	N/A
Total Exports	\$31 million	\$66 million	N/A	N/A
Total Imports	\$534 million	\$659 million	N/A	N/A
Imports from the U.S.	\$2.7 million	\$19.8 million	N/A	N/A
Exchange Rate: 1 USD				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Estimates

Total Exports: Statistical Agency

Total Imports: Statistical Agency

Imports from U.S: Statistical Agency

The mining sector has traditionally been an important contributor to Kosovo's economy, but the industry declined during the 1990s due to a lack of investment in equipment, facilities, and development of new mines. As a result, significant foreign investment potential exists in this sector. Kosovo has a varied geology containing a range of exploitable metal and mineral deposits. A joint British-Finnish geosciences project completed in 2006-2007 revealed higher-than-expected deposits of gold, chrome, and nickel, as well as aluminum, copper, iron metals, and lead-zinc deposits. Kosovo also possesses the world's fifth-largest proven reserves of lignite coal.

Many of the existing mines have been privatized, with varying degrees of success. In some cases, the Privatization Agency of Kosovo (PAK) had to resume ownership of mines after investors did not fulfill contractual obligations. The agency is in the process of re-privatizing many of these properties. The Trepça mining complex contains Kosovo's largest and most developed mines. At the height of production in the 1960s and 1970s, Trepça employed over 22,000 workers throughout the former Yugoslavia, although most mining operations and processing facilities were located in Kosovo. Significant investment in the complex is at a standstill while the Privatization Agency of Kosovo carries out the legislated process to evaluate creditors and reorganize the enterprise. Kosovars consider Trepça's assets as a national

birthright, and the enterprise is fraught with political and legal challenges, as well as Serbian ownership claims.

The Independent Commission for Mines and Minerals (ICMM) regulates Kosovo's minerals sector, issues exploration and mining licenses, and ensures legislative compliance with international mining, environment, and safety standards. ICMM also provides key technical information to prospective bidders.

Sub-Sector Best Prospects

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- Exploration, mining and extraction
- Legal and consulting services
- Equipment and spare parts sales; maintenance services

Opportunities

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- Possible ownership or operation of new and existing mines
- Sales of equipment, spare parts and maintenance services
- Minerals exports to global markets

Web Resources

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Kosovo Energy Regulatory Office: www.ero-ks.org

Kosovo Ministry of Economic Development: <http://mzhe.rks-gov.net/>

Kosovo Privatization Agency: www.pak-ks.org

International Commission on Mines and Minerals (ICMM): www.kosovo-mining.org

Midin Bojaxhiu, Director

Armend Daci Street

Pristina

Tel: +381 (0)38 240 252

Fax: +381 (0)38 245 844

E-mail: icmm@kosovo-mining.org

Website: www.kosovo-mining.org

Health

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There is little comprehensive, reliable data for the health-care industry in Kosovo. Data for 2012-2013 are sourced from the Kosovo Statistical Agency. We estimate similar import/export levels for 2014-2015.

Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	N/A	N/A	N/A	N/A
Total Local Production	Unknown	Unknown	N/A	N/A
Total Exports	\$388,500	\$320,429	N/A	N/A
Total Imports	\$65.4 million	\$70.3 million	N/A	N/A
Imports from the U.S.	\$12.35 million	\$9.8 million	N/A	N/A
Exchange Rate: 1 USD				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production:

Total Exports: Statistical Agency

Total Imports: Statistical Agency

Imports from U.S.: Statistical Agency

Kosovo's poor health and medical facilities lead many local residents to seek health-care services in neighboring countries, even for routine check-ups. The growing demand for quality health care and the lack of government resources to meet these needs create opportunities for U.S. companies to provide a variety of health-related services, including basic and specialized treatments, hospitals, clinics, emergency medical treatment facilities, and high-quality medicines and pharmaceutical products.

Sub-Sector Best Prospects

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- Hospitals, clinics, and other medical facilities
- Emergency medical treatment services
- Medicines, pharmaceutical products, and pharmacies
- Hospital management, staff training, legal services
- Dental clinics

Opportunities

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- Private hospitals, clinics, and emergency medical facilities
- Dental clinics
- Medical supplies and pharmacies
- Provision of medical equipment and supplies
- Professional staff training and consulting

Web Resources

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National Institute of Public Health

Prof. Naser Ramadani, Executive Director

Tel: +381 (0)38 541 432

Cell: +377 (0)44 503-526

E-mail: naser.ramadani@niph-kosova.org

Kosovo Medicine Agency

Arianit Jakupi, Acting Chief Executive Officer, arianit.jakupi@rks-gov.net

Ardian Rugova Head of Medicine Registration, ardian.rugova@rks-gov.net

Haki Ejupi Head of Licensing and Imports, haki.ejupi@rks-gov.net

Address: City Hospital Roundabout

University Clinic Center

Pristina 10000

Tel: +381 (0)38 512 807

Fax: +381 (0)38 512 810

Ministry of Health

Gani Shabani, Secretary General

Zagreb st. nn. (Former Lung Hospital in Dragodan/Arberi), Pristina

Tel: +381 (0)38 212 113

Email: mailto:gani.shabani@rks-gov.net

Website: <http://www.msh-ks.org/en/ministry.html>

Ministry of Health

Lindita Avdyli, Director of Pharmaceutical Department

Zagreb st. Nn. (Former Lung Hospital in Dragodan/Arberi), Pristina

Tel: +381 (0)38 212 298

Email: lindita.avdyli@rks-gov.net

Infrastructure Development

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Infrastructure development is an important part of Kosovo's economic development. Demand is growing for quality urban housing, Class A office space, government buildings, schools, roads, highways, and basic health and sanitation systems, among other infrastructure needs. The Kosovo Government has completed the first phase of urban planning strategies for Pristina and major roads and highways throughout the country. Among the most visible foreign construction projects in Kosovo is Route 7 (the Ibrahim Rugova National Highway) constructed by the U.S.-Turkish consortium, Bechtel-Enka. The highway, a modern dual carriageway, connects the greater Pristina area to the border with Albania, extending to the north of Pristina. A new tender for Route 6, the "Pristina-Skopje Highway," was awarded to the Bechtel-Enka consortium and is in the contracting phase. Work is expected to begin in the second half of 2014. Due to limited government revenues, the Government of Kosovo might have to pursue funding models, such as public-private partnerships that may include investor-side finance. A Turkish-French consortium (Limak-Aeroport de Lyon) runs the Pristina International Airport concession. With regard to commercial real estate, the U.S. Government has urged the Kosovo Government to pass legislation conducive to attracting investment, such as a law allowing purchasers to obtain 99-year commercial leases. This model is currently being used to attract international investors to develop a year-round recreational resort village near Brezovica. The winning proposal is expected to be announced in September 2014.

The Government of Kosovo likely will continue to allocate funding toward infrastructure development, increasing the demand for qualified private contractors to implement these projects. Several U.S. citizens have invested significant resources in construction, real estate, financial services, and infrastructure development in anticipation of growth in this sector.

Sub-Sector Best Prospects

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- Project designers
- Project managers
- Engineering specialists
- Architectural services
- Interior design services
- Heavy machinery
- High-quality tools, accessories, and production inputs

Opportunities

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- Residential housing
- Commercial buildings, office space
- Pristina-Skopje highway

- Improvements to Pristina-Peja and Pristina-Mitrovica highways
- Professional architectural and engineering design and management services
- First-rate hardware store or supplying of equipment, tools, accessories and inputs

Web Resources

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Ministry of Infrastructure: www.mi-ks.net

Pristina International Airport: www.airportpristina.com

Post and Telecom Kosovo (PTK): www.ptkonline.com/newsite/en

Kosovo Railways: www.kosovorailway.com

Agribusiness

Data for 2012-2013 are taken from the Kosovo Statistical Agency. Data for local production are raw estimates based on the latest official data from 2011.

Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size*	\$1.5 billion	\$1.6 billion	N/A	N/A
Total Local Production*	\$833 million	\$833 million (est.)	N/A	N/A
Total Exports**	\$39 million	\$47.8 million	N/A	N/A
Total Imports**	\$737 million	\$797.5 million	N/A	N/A
Imports from the U.S.	\$25 million	\$22 million	N/A	N/A
Exchange Rate: 1 USD				

* Does not include processed goods, only primary production

** Includes both primary and processed goods

*** Estimates for 2014-2015 are likely to fall in line with 2013 levels but are only estimates.

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production:

Total Exports:

Total Imports:

Imports from U.S.:

Despite Kosovo historically being known for its agricultural production, Kosovo currently imports much of the food consumed in the country. The country has abundant, productive agricultural land that is not optimally used, with economies of scale hampered by small parcels and poor and inconsistently applied property rights. Given the relative absence of valued-added food processing in Kosovo largely due to the lack of investment over the past two decades, great potential exists for increased domestic agricultural production and expanded food processing.

According to the World Bank, the growth of domestic demand is expected to rise for horticultural and livestock products. Domestic demand has begun to grow in recent years as purchasing power increases, particularly in urban areas. Over the past decade, demand for fruits and vegetables surged more than for any other food category, and is expected to continue

growing. In addition, it is likely that foreign demand—in particular, regional demand—will bring sizable opportunities for growth and profit in the fruits and vegetable sector. Demand for milk and dairy products in the domestic market is also predicted to grow.

Sub-Sector Best Prospects

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- Fruits and vegetables sector
- Livestock and dairy sector
- Value-added food processing

Opportunities

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- Greenhouses
- Livestock
- Food processing facilities
- Dairy processing facilities

Web Resources

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World Bank, 'Kosovo - Unlocking Growth Potential: Strategies, Policies, Actions', April 2010, www.worldbank.org/kosovo

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Chapter 5: Trade Regulations, Customs and Standards

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Import Tariffs

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Kosovo is a member state of the Central European Free Trade Agreement (CEFTA) but has not yet sought membership in the World Trade Organization. No tariff is owed on goods imported from other CEFTA member States except some agricultural products, such as wheat. A 10% customs duty must be paid on all other imported goods. Kosovo adopted a Customs and Excise Code in compliance with European Union and World Customs Organization standards in early 2009: http://www.assembly-kosova.org/common/docs/ligjet/2008_03-L-109_en.pdf

Kosovo uses an integrated tariff schedule broken down into goods categories and applicable rates that can be viewed at: <http://dogana.rks-gov.net/Uploads/Documents/tarik/index.htm>

In general, a 16% value-added tax (VAT) is levied on goods entering Kosovo irrespective of their origin. The VAT is assessed on the cost, insurance, and freight of the good, plus the customs duties and excise taxes. Some products are subject to an additional excise tax, including petroleum, tobacco, vehicles, and alcohol. Excise tax is applied as a flat percentage rate of the value of the item or as a pre-determined amount depending on the item, but in either case, can significantly increase the final price of the good to end consumers. In 2014, a law was enacted to expand to the list of VAT-exempt goods, mostly in the areas of agricultural inputs, chemical agents, wood products, health and medical devices, and some medicines.

Trade Barriers

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Kosovo has no general restrictions on imports. When applicable, products are required to undergo sanitary, phytosanitary, or veterinary inspections. 2012 reforms by the Food and Veterinary Agency (FVA) functioning under the Prime Minister's Office waived import permits for milk and dairy products while still requiring them for import of meat, poultry, and live animals. The permits are issued upon the importing companies' presentation of health

certificates from the exporting country and certificates of origin as proof of origin of the products.

U.S. companies must complete an application form and fill out a health certificate to import food products of animal origin including poultry products. The Government of Kosovo accepts USDA food safety inspection service certificates. The FVA's Phytosanitary Division requires control certificates and certificates of origin for all imports. Import licenses are required for pharmaceutical and tobacco products. A similar system is in place to export scrap metals. An import license is required for production inputs and raw materials that will be processed into pharmaceutical products. Licenses can be obtained from the Kosovo Medicines Agency (KMA) for six months, with an additional six months in case the import was not completed as scheduled. The KMA has issued the following quality and safety requirements for pharmaceutical products (these procedures may be revised shortly, and we recommend contacting the KMA for up-to-date guidance):

- (A) Every imported pharmaceutical product must be accompanied by a certificate ensuring product quality and safety, such as a certificate from the World Health Organization's Certification on the Quality of Pharmaceutical Products Moving in International Commerce;
- (B) Documents declaring the intended use of the product in Kosovo;
- (C) Certificate of Analysis showing test results of a pharmaceutical product may be required in some circumstances; and
- (D) The shelf-life of imported pharmaceutical products must be valid for at least one year from the date of entry into Kosovo.

Information on sanitary requirements can be obtained from Kosovo Ministry of Health. Information on phytosanitary and veterinary requirements can be obtained from the Kosovo Food and Veterinary Agency in the Office of the Prime Minister.

Import Requirements and Documentation

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Kosovo's Customs Law requires a single administrative document (SAD) to be completed by the importer. The SAD must be obtained from the Kosovo Customs' office in Pristina. In order for the SAD to be completed, the following documentation is required: certificate of origin, commercial invoice, and Bill of Lading. As part of an agreement with Serbia, Kosovo will separately channel customs revenue collected at the northern gates for goods bound for the north of Kosovo.

U.S. Export Controls

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Most electronic equipment and products can enter Kosovo without a U.S. export license. However, U.S. businesses are strongly advised to obtain export licenses from the Department of Commerce's Bureau of Industry and Security (BIS) or the Department of State's Bureau of Verification, Compliance and Implementation (VCI), depending on the product. BIS and VCI coordinate the licensing process with each other, as well as with the Department of Defense. If a U.S. firm has a product that may require an export license, the company must obtain the export commodity control number (ECCN) from the manufacturer. The U.S. exporter can also obtain the ECCN by filling out the BIS-748 Multipurpose Form. To order forms, you may submit

a request by fax at (202) 219-9182 or call our Exporter Counseling Division at (202) 482-4811 or from the following link: <http://www.bis.doc.gov/licensing/facts4.htm>.

More detailed information on export controls can be obtained from the U.S. Department of Commerce, Export Controls – Bureau of Industry and Security at: <http://www.bis.doc.gov/licensing/exportingbasics.htm>

Temporary Entry

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Kosovo permits the temporary importation of products that will be re-exported and will not undergo any change while in country. Goods falling into this category are assessed import duties at a rate of three percent for every month or fraction of a month, during which the goods are under temporary importation procedure. Kosovo allows “bonded” customs warehouses, which are privately owned storage facilities that allow importers to store goods duty free until they are released into the local economy or re-exported free-of-charge, but their use is limited.

Labeling and Marking Requirements

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Labels must contain the following information: name of the product, full address of the importer and country of origin, net quantity/weight/volume of the product, ingredients, method of storage (transport, use or maintenance), and any applicable consumer warnings. Labels must be in Kosovo’s two official languages -- Albanian and Serbian. New legislation on consumer protection was completed in 2012. Instructions for usage, the manufacturer's specifications, a list of authorized maintenance offices, warranty information, warranty period, and other applicable data must accompany technical products. For food importers, it is best to use the European date system of expiry or spell out the month of expiration on the label.

Prohibited and Restricted Imports

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The importation of narcotics is prohibited. The importation of most non-hunting use firearms is prohibited.

Customs Regulations and Contact Information

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Albanian and Serbian are the official languages of Kosovo. English is widely used. All regulations are translated into Albanian, Serbian, and English.

To contact Kosovo Customs, please visit <http://www.dogana.rks-gov.net>

Standards

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Overview

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Kosovo's Law on Standardization reflects European and international systems of standards, and outlines procedural rules on drafting, approval, determination, and application of these standards in Kosovo. Product certification also falls under this law.

Information on particular Kosovo standards, as well as testing and certification, can be obtained from the Ministry of Trade and Industry's Department for Standards and Metrology (www.mti-ks.org).

Standards Organizations

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The Kosovo Standardization Agency (KSA) and Accreditation Directorate (AD) within the Ministry of Trade and Industry are the only government bodies responsible for standardization and accreditation activities in Kosovo. The KSA and AD fulfill the following duties:

- Organize procedures on the formulation of standards; approve and apply such standards; certify products, services, quality systems, and personnel.
- Organize procedures on standardization, accreditation, and certification based on international and European standardization systems.
- Approve, adapt, and implement international and European standards, except in the area of telecommunications.
- Revise existing standards in Kosovo.
- Accredite quality testing laboratories and certification and inspection organizations after approval by relevant authorities.
- Represent Kosovo at international, European, and regional organizations according to Article 1 of the Law, taking into consideration the international agreements to which Kosovo is a party.
- Conclude cooperative agreements with similar organizations of other countries with respect to the information area, exchange of publications, experience, and staff training in the areas stated in Article 1 of the Law, with the aim of facilitating trade and issues of mutually interest.
- Conclude agreements with similar organizations of other countries for mutual official recognition of analytical reports from accredited laboratories, trademarks, labels, and similar materials according to conformity and safety.
- Promote studies, publications, scientific research, and cooperation on areas of standards and standardization; promote and coordinate scientific, technical, and cultural initiatives related to standards and standardization.

- Maintain and administer a standardizations archive on foreign and local standards; upon request, communicate technical information to domestic and foreign subjects that conduct business activities in the territory of Kosovo.
- Prepare the laws and by-laws for activities it covers.
- Propose tariff fees for the Ministry of Finance and services KSA offers to third parties.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>. **Note:** Kosovo is not a WTO member country.

Conformity Assessment

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The Kosovo Standardization Agency and Accreditation Directorate are the primary conformity and accreditation assessment bodies in Kosovo.

Product Certification

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Every certified product must carry a certification marking indicating that the product has undergone appropriate testing and conforms to relevant regulations. Kosovo has no product certification agreements with the United States or any other country.

Accreditation

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The Accreditation Directorate became a member of the European Accreditation Corporation in December 2009.

Publication of Technical Regulations

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The Government publishes all laws and regulations in the Official Gazette:
www.gazetazyrtare.com.

Labeling and Marking

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Labels must contain the following information: name of the product, full address of the importer and country of origin, net quantity/weight/volume of the product, ingredients, method of storage (transport, use or maintenance), and any applicable consumer warnings. Labels must be in Kosovo's two official languages -- Albanian and Serbian. New legislation on consumer protection was completed in 2012. Technical products must be accompanied by instructions for

usage, the manufacturer's specifications, a list of authorized maintenance offices, warranty information, warranty period, and other applicable data. For food importers, it is best to adopt the European date system of expiry or spell out the month of expiration on the label.

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Trade Agreements

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The Government of Kosovo manages its international relations. Under an agreement reached with Serbia, Kosovo may be represented at some regional fora that include non-recognizing states under the name Kosovo*, with a footnote clarifying that the name is made without prejudice to Kosovo's legal status. In cases where the agreement does not apply, UNMIK ensures Kosovo's ability to fulfill international obligations under agreements where UNMIK is the signatory on behalf of Kosovo.

The government has signed Free-Trade Agreements (FTA) with Albania, Macedonia, Croatia, and Bosnia-Herzegovina, and Turkey. Kosovo is a member of the Central European Free Trade Area

(CEFTA) and European Common Aviation Area. Since 2011, Serbia and Bosnia-Herzegovina accept Kosovo's custom stamps and documents as part of the EU-facilitated dialogue. In May 2014, Kosovo concluded negotiations on a Stabilization and Association Agreement to liberalize the market with the EU. Kosovo is also a member of the Athens Process on Energy for the Southeastern Europe Energy Community Treaty. This is a significant step for Kosovo toward achieving increased regional cooperation and securing alternate sources of energy.

The United States has renewed its Generalized System of Preferences (GSP) for Kosovo. The wine producer, Stone Castle, is one of the few firms in Kosovo that exports to the U.S. market.

Web Resources

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Kosovo Customs: <http://dogana.rks-gov.net/en/Home>

Official Gazette: www.gazetazyrtare.com

Ministry of Economy and Finance: <http://mf.rks-gov.net/en-us/fillimi.aspx>

Ministry of Trade and Industry: <http://www.mti-ks.org/en-us/Ministry-of-Trade-and-Industry>

Kosovo International Trade Guide: <http://itg-rks.com/en-us/Home>

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Chapter 6: Investment Climate

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Executive Summary

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Kosovo has recorded an average GDP growth rate of 3.3% over the last few years, marking one of the few countries in the region to have positive growth despite the eurozone crisis. At the end of 2013, the country successfully concluded a two-year Stand-by-Arrangement with the International Monetary Fund (IMF) that helped guard the sustainability of public finance. With an estimated 2014 GDP of €5.4 billion, Kosovo is planning no budget growth with its 2014 budget of €1.5 billion. Its 9% of GDP public debt is well below international standards. The economy relies heavily on imports; exports cover only about 11% of its trading activities. Diaspora transfers at 12% of GDP account for a substantial part of the economy, with risks of decreases if the effects of the eurozone crisis persist. The informal economy is estimated at 40% of GDP. While the official unemployment rate is 30.9%, it is believed to be closer to 45%. In addition, a high level of perceived and actual corruption in the government and weak rule of law have taken their toll in attracting Foreign Direct Investment (FDI) and slowed the country's general economic development.

Kosovo continues to move towards a market-oriented economy, and the Government of Kosovo is working to improve the investment climate by strengthening the legal environment necessary to attract and retain foreign investment. The World Bank's Doing Business report acknowledged these efforts with a higher 2014 score for Kosovo. Kosovo has adopted numerous legislative acts, and established task forces and councils. Practical implementation of reforms and these

bodies' roles, however, need to be strengthened. Privatization of former Socially Owned Enterprises (SOEs), as well as of the country's key assets, is an ongoing process, and often faces public discontent and charges of corruption.

The banking sector in Kosovo is stable and liquid, but high interest rates on loans are stifling commercial endeavors, prompting the government to enter into credit guarantee schemes with international donors to improve access to credit for businesses.

Despite the many challenges, Kosovo's relatively young population, low labor costs, and abundant natural resources attract foreign investment, with several international firms and franchises already present in the market.

Openness to and Restrictions On Foreign Investment

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Despite many investment opportunities and the lack of strong competition in certain sectors, Kosovo's business climate remains challenging. The Government of Kosovo (Government), specifically the Ministry of Trade and Industry (MTI) and the Investment Promotion Agency of Kosovo (IPAK) actively promote foreign investment and welcome the expansion of the private sector. Nevertheless, public distrust of the private sector, opposition to the government's policy of privatizing all Socially Owned Enterprises (SOEs) and many Publicly Owned Enterprises (POEs), political or self-interested interference by government officials, a lack of a comprehensive economic development plan, and unreliable energy supply increase the risk and cost of investment in Kosovo.

FDI Summary

Kosovo is a secular, western-oriented country with European Union (EU) integration goals. Current legislation and regulations are purposely written with EU standards in mind. Perceptions of official corruption, a slow judiciary, weak protection of intellectual property rights, competition from unlicensed vendors, and frequent irregularities in public-procurement processes prove to be obstacles to attracting significant levels of foreign investment. These obstacles exist notwithstanding the government's stated pro-business posture, the country's strategic location, rich natural resources, low wages, and an educated young workforce. Kosovo has attracted foreign investment in the construction, infrastructure, transportation, mining, and telecom sectors. The most visible foreign investment projects for 2013 included the Pristina International Airport concession operated by Turkish-French consortium Limak-Aeroport de Lyon that includes a newly constructed 42,000 m² terminal, and the purchase of the previously state-owned electricity distribution and supply company by Turkish consortium Limak-Calik. American-Turkish consortium Bechtel-Enka recently completed construction of Route 7 (the Ibrahim Rugova National Highway), which was paid entirely by Government funds without incurring any debt. International firms and franchises, including Coca-Cola, RC Cola, FedEx, UPS, DHL, Deloitte, Booz Allen Hamilton, PriceWaterhouse, Hertz, Century 21, and Microsoft have an established presence or a local agent in Kosovo. A flat 10% corporate tax and temporary exemptions on Value Added Taxation (VAT) payments for new exporters help attract foreign investors and businesses. Nonetheless, no western franchises yet exist in the food, hotel, or hospitality industries in Kosovo.

The American Chamber of Commerce (AmCham), the Kosovo Chamber of Commerce (KCC), and the Kosovo Business Alliance (KBA) are active and directly involved in strengthening the private-sector business climate in Kosovo. At times, they appear to have the government's ear on business matters, as reflected in their participation in the government's economic policy discussion body, the National Council for Economic Development (NCED), which resumed work in April after a six-month pause. These business organizations are also part of the Economic Advisory Council (EAC) established in December 2013 that includes representatives of the Ministry of Finance, Customs and Tax Administration. The EAC provides a forum for businesses and the government to work together on fiscal reforms. In addition, Kosovo's President Atifete Jahjaga helped launch the Kosovo Women's Chamber of Commerce in October 2012. The Chamber aims to provide connections, mentoring, and support for women entrepreneurs and business leaders. A lack of access to finance and cultural attitudes concerning the role of women typically pose a challenge to businesswomen in Kosovo.

Kosovo is a member of the International Monetary Fund (IMF) and the World Bank, and became a member of the European Bank for Reconstruction and Development (EBRD) in December 2012. In May 2013, EBRD announced its strategy for Kosovo, which entails targeted investments in energy, water supply, sanitation, and rural infrastructure, as well as a commitment to forging a stronger relationship between the government and private sector. In June 2013, Kosovo signed a framework agreement with the European Investment Bank (EIB) and a credit line with the ProCredit Bank, both of which aim to support small and medium businesses. The same month, Kosovo also joined the Council of Europe's Development Bank, which will enable the country to receive up to \$60 million annually through credit lines and loan guarantees.

Laws/Regulations for FDI

The legal system in Kosovo is a matrix of three layers of legislation operating simultaneously, and includes laws enacted by the former Yugoslavia through 1989, regulations issued by the United Nations Interim Administrative Mission in Kosovo (UNMIK), and laws passed by the Kosovo Assembly. With international assistance, the government of Kosovo has been moving towards a legal structure that complies with European standards. Although the legislative framework for a market-oriented economy is in place, poor enforcement, uncertainties regarding legal recognition of foreign arbitral awards, and a nascent modern judiciary hinder economic growth and investment. To address these challenges, the U.S. Government and the EU provide assistance aimed at enhancing Kosovo's judiciary. On the enforcement front, licensed private enforcement agents began assisting enforcement of judicial decisions in January.

The Kosovo Assembly and UNMIK, which governed Kosovo until 2008 under UN Security Council Resolution 1244, have passed pro-business legislation that specifically seeks to attract foreign investment. Under Kosovo law, foreign firms operating in Kosovo are granted the same privileges as local businesses except that foreign investors may not hold more than 49% ownership in a business producing or selling military-related products (Reg. No. 2001/3, Section 6). A new Law on Foreign Investment passed by the Assembly in late 2013 further improves the legal infrastructure and helps address inconsistencies in current legislation that unduly discourage foreign investment.

All major sectors of the Kosovo economy are open to foreign investment. In 2011, the Government took substantive steps to further open Kosovo to foreign investment through the passage of the Public Private Partnership (PPP) Law. The PPP Law was harmonized with European Council regulations and EU Acquis Communautaire. The law creates separate definitions for concession and PPP, meaning that FDI transactions can be structured more flexibly. Prior limits on the length of investment projects and a provision allowing unsolicited proposals, which could have allowed procurement outside a competitive bidding process, while have been removed.

Kosovo's commercial laws are available to the public in Kosovo's official languages (Albanian and Serbian), as well as English. They can be found on the Kosovo Assembly's website at: www.assembly-kosova.org/?cid=2,191 and on the Government's Official Gazette website at: <http://www.gazetazyrtare.com/e-gov/index.php?lang=en>. A full understanding of a specific legal issue might require research into various legal acts and amendments. USAID is assisting the development of a legal information database, which should include all governing normative acts. While national laws are generally available, access to municipal regulations is often difficult. USAID is similarly assisting with transparency in this regard, including encouraging municipalities to post municipal regulations on their websites.

Privatization Program

The government has an ambitious agenda to privatize its key assets. Despite some notable successes, however, the process has received criticism, partially because the government has failed to educate the public on the benefits of privatization. Energy distribution and supply was privatized in mid-2012, and the Limak/Çalik Turkish consortium's final takeover took place in May 2013. The government is preparing to issue a tender for a new coal-fired power plant, "New Kosovo," in June, with a September submission deadline and an award expected later in the year. The government is also considering options for privatizing an existing 2x330 MW lignite power plant. Kosovo's Assembly approved the spatial plan and the public-private partnership strategy for the year-round tourist resort Brezovica in February. The tender for the private-sector concession is underway, and a contract signing is scheduled for September. Following the second failure to privatize Post and Telecom of Kosovo (PTK) in the beginning of 2014, the GoK is working to revitalize the company after 18 months of neglect related to the failed privatization process. The Privatization Agency of Kosovo (PAK), an independent agency, is legally mandated to handle the disposition of Kosovo's numerous SOE assets. As of 2014, PAK has created a trust fund of over €600 million sales from the sale of about 300 SOEs.

Competition Law

Kosovo has adopted legislation limiting unfair competition. The Law on Competition and Law on Antidumping and Countervailing Measures were adopted in 2010. Established in 2008 and consisting of four members and a chairperson appointed by the Assembly, the Competition Authority is in charge of implementing these laws, as well as the Law on Consumer Protection. It took several decisions following its establishment, but has been nonfunctional since November 2013 due to the expiration of its members' mandates and the Assembly's delay in appointing new members.

Investment Trends

Kosovo's reforms to improve its business environment include its eliminations of charter capital requirements for Limited Liability Companies (LLCs), of the business registration fee, and of the municipal work permit. In late 2013, the Assembly adopted a new Law on Licenses and Permits that aims to streamline and simplify the system with a view toward further improving the business environment. These reforms helped lift Kosovo 12 places to 86/189 in the World Bank's Doing Business Report for 2014, placing the country among the 10 most improved economies.

Kosovo has an active business registration process. MTI reported the registration of over 9,200 new businesses in 2013, indicating a growing development of local enterprises. In 2013, however, more than 1,500 businesses failed for a variety of reasons, including poor business model planning and a lack of access to credit. MTI's Agency for Business Registration processes requests through offices located in municipalities and normally issues them within three business days. Completion of all necessary steps, including secondary requirements such as municipal business licenses or technical inspections, however, can take as long as two weeks.

Businesses are required to obtain a fiscal number and a Value-Added Tax (VAT) number from the Tax Administration. Certain businesses may require additional filings. In addition to national-level requirements, businesses sometimes must obtain a business license from the municipality in which they plan to operate. This practice is being phased out, with several larger municipalities other than Pristina recently adopting ordinances that reduce, suspend, or eliminate local business license requirements.

Kosovo's economy is based on a private property ownership model, with significant state and publicly owned assets, whose privatization is scheduled for completion in the coming years. Determining private property ownership remains a challenge. Formal property transfers require a review by a court, but many occur via informal agreements between buyers and sellers who frequently do not record them. While declining, the practice remains widespread. Finished commercial and habitable residential buildings are subject to property tax, while unimproved land is not. The government adopted a new Construction Law in 2012, which streamlined and simplified the process for obtaining construction permits, and requires that the calculation of construction permit fees be based on cost recovery principles. Along with similar reforms in spatial planning/land use regulations and a law to legalize existing construction that entered into force in January, this effort helped contribute to Kosovo's significant improvement in the World Bank's 2014 Doing Business Index Report. The government is also moving forward with the adoption of a comprehensive construction code based on European norms, expected in 2014.

Kosovo's rankings in select surveys are noted below where data are available:

Measure	Year	Rank or value	Website Address
TI Corruption Perceptions index	2013	(111 of 177)	http://cpi.transparency.org/cpi2013/results/

Heritage Foundation's Economic Freedom index	2013	(X of 177)	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2013	(86 of 189)	http://doingbusiness.org/rankings
Global Innovation Index	2013	(X of 142)	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	USD 3,600	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

TABLE 1B – Millennium Challenge Corporation (MCC) Scorecards:

MCC Scorecard	Year	Percentage
Government Effectiveness	2013	47%
Rule of Law	2013	38%
Control of Corruption	2013	34%
Fiscal Policy	2013	77%
Trade Policy	2013	N/A
Regulatory Quality	2013	72%
Business Start Up	2013	38%
Land Rights Access	2013	N/A
Natural Resource Protection.	2013	19%

Conversion and Transfer Policies

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The 2013 Foreign Investment Law guarantees unrestricted use of income from foreign investment following payment of taxes and other liabilities. This ability includes rights for transfers to other foreign markets or foreign currency conversions, which must be processed in accordance with EU banking procedures. Conversions are made at the market rate of exchange. Foreign investors are permitted to open bank accounts in any currency.

Remittances

Remittances are an important source of finance for at least 43% of population in Kosovo, representing over 12% of GDP or €633 million in 2013. The majority of remittances come from Kosovo's diaspora residing in countries like Germany and Switzerland. The Central Bank reports the remittances are mainly used for personal consumption and very little for investment purposes.

Articles 7 and 8 of the Foreign Investment Law protect foreign investments from unreasonable expropriation, and guarantees due process and timely compensation payment based on fair market prices for valid claims. To prevent lawsuits due to the expropriation and sale of property during the privatization of SOEs, UNMIK approved an eminent domain clause in April 2005.

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

A new Law on Enforcement Procedures that came into force in January 2013 permits claimants to utilize bailiffs licensed by the Ministry of Justice to execute court-ordered judgments. The 2012 Law on Obligations repeals the former Yugoslav law on Obligations and provides the basic legal framework for contracts and torts. In addition, the government adopted Laws on Arbitration and Mediation in 2007, and later amendments to the Law on Contested Procedure to harmonize it with the Law on Arbitration. These have all addressed key impediments to enforcing arbitral awards.

In 2011, the Kosovo Assembly passed three laws of particular importance to privatization matters: Law on the Privatization Agency of Kosovo, Law on the Reorganization of Certain Enterprises and their Assets (the “Trepca Law”), and Law on the Special Chamber of the Supreme Court of Kosovo. Comprised of eight international judges and 12 local judges, the Special Chamber adjudicates disputes and claims related to privatization and economic restructuring. It has primary jurisdiction over appeals against decisions of the Privatization Agency of Kosovo (PAK), claims arising from the privatization and liquidation of SOEs, and creditor, ownership, and property claims brought against SOEs and POEs. The procedures for claimants wishing to institute proceedings are detailed in the PAK Law.

Major overhauls to the 2004 UNMIK-based Criminal Code and the Criminal Procedure Code that entered into force on January 1, 2013 are fully compliant with the EU Convention on Human Rights, modernized definitions and best practices, and should reduce the waste of judicial resources. The new criminal code contains penalties for tax evasion, bankruptcy fraud, intellectual property offenses, antitrust, securities fraud, money laundering, and corruption offenses. The Law on Courts also entered into force on January 1, 2013 and significantly changes and simplifies the current structure of the courts. The new court structure includes Basic Courts, a Court of Appeals, and the Supreme Court. The Basic Courts and Court of Appeals each have a Department for Administrative Cases, Department for Serious Crimes, General Department, and Department for Minors.

The Law on Courts also changed the structure and jurisdiction of the Commercial Court, creating a Department for Commercial Matters within the Basic Court of Pristina that has jurisdiction for the entire territory of Kosovo and a Department within the Court of Appeals. The Court’s jurisdiction changed to specifically include “disputes between domestic and foreign economic persons in their commercial affairs.” It also includes reorganization, bankruptcy, and liquidation of economic persons; disputes regarding impingement of competition; and protection of property rights and intellectual property. The Department for Commercial Matters now has

jurisdiction over economic disputes between both legal and natural persons. Commercial cases take on average six months to one year to resolve. Following the finalization of a judgment, however, its execution has often been lengthy and problematic. Backlogs should be significantly reduced with the implementation of the 2013 Enforcement of Procedures Law (see above) and its bailiff system, which has been successfully used in a number of countries in the region. Foreign investors are litigants in about 10% of the cases, most of which are trademark cases. The Court of Appeals also includes a Commercial Matters Department and addresses all appeals coming from the Pristina Basic Court's Department for Commercial Matters.

The backlog in the overall court system, much of which is related to utility bills and loan collections, is a major obstacle to dispute resolution. To address this issue, the Kosovo Judicial Council adopted a Backlog Reduction Strategy in 2010 and cooperative mechanisms (MOUs) with Post Telecom of Kosovo (PTK) and electricity utility Kosovo Energy Corporation (KEK). While some progress has been achieved, significant obstacles remain.

Kosovo's judicial system, although improving, still suffers from many weaknesses. Local courts recognize foreign arbitral awards, but enforcement is weak and time-consuming. In addition, the lack of secondary legislation pertaining to bankruptcy hinders the work of the Basic Court's department for commercial matters in discharging bankruptcy cases.

Investment Disputes

Article 16 of the Foreign Investment Law assigns jurisdiction for business dispute resolution to Kosovo courts. Foreign investors are free, however, to agree upon arbitration or another alternative dispute resolution mechanism. The American and Kosovo chambers of commerce operate alternative dispute resolution centers and an increasing number of businesses are stipulating use of these centers in their contracts. The results of arbitration are enforceable by local courts, since Kosovo has voluntarily accepted the International Center for Settlement of Investment Disputes (ICSID) Convention and enshrined it in local law. The Foreign Investment Law stipulates that investors select from the following standards for investment dispute arbitration:

- a) The ICSID Convention if both the foreign investor's country of citizenship and Kosovo are parties to said convention at the time of the request for arbitration;
- b) The ICSID Additional Facility Rules if the jurisdictional requirements for personal immunities per Article 25 of the ICSID Convention are not fulfilled at the time of the request for arbitration;
- c) The United Nations Commission on International Trade Law Rules. In this case, the appointing authority referred to therein will be the Secretary General of ICSID; or
- d) The International Chamber of Commerce Rules.

Since 2011, arbitration services have been available at Arbitration Tribunals within the Kosovo Chamber of Commerce and American Chamber of Kosovo. Six cases have thus far been processed through the former and two through the latter. Kosovo Arbitration Rules are a set of model rules based on the 2010 United Nations Commission on International Trade Law (UNCITRAL) Model Rules for Commercial Arbitration. They are consistent with international

best practices. The Law on Foreign Investment also favors the use of arbitration. To utilize this option, the law requires the disputed agreement/contract include an arbitration clause.

In addition, in accordance with the Law on Mediation, the Ministry of Justice has established a Mediation Commission, which has adopted the necessary rules to create mediation services and has trained and certified several mediators.

Performance Requirements and Incentives

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The Government does not specify performance requirements as a condition for establishing, maintaining or expanding investments in Kosovo. A 16% across-the-board value added tax (VAT) came into force in January 2009. Article 27 of the Law on Value Added Tax provides exemptions for VAT on certain goods, such as medicines, medical services, pharmaceutical products, agricultural inputs, and public education services. Reduced VAT rates as low as 5% and enhanced rates up to 21% are also provided for certain goods and services, but the Assembly has not acted to trigger these rates. To encourage investment, the government grants businesses certain VAT-related privileges, such as a six-month VAT deferment upon presentation of a bank guarantee for companies importing capital goods. Suppliers may export goods and services without being required to collect VAT from foreign buyers. Suppliers may claim credit for taxes on inputs, by offsetting those taxes against gross VAT liabilities or claiming a refund. A 10% flat corporate tax helps attract FDI.

In September 2000, the EU formally recognized Kosovo as an autonomous customs territory and amended its General Scheme of Preferences, eliminating quantitative restrictions for most industrial products from Kosovo. By June 2002, the EU granted preferential treatment to all imports from Kosovo, removing all remaining tariff ceilings for industrial products, including steel and textiles, and improving access to EU markets for agricultural products. Kosovo Customs continues to work to harmonize certificates of origin standards with EU Customs. In December 2008, the United States designated Kosovo a beneficiary developing country under the Generalized System of Preferences (GSP) program. While only a few companies currently take advantage of this designation, the GSP program provides an incentive for investors to export products, such as light manufacturing and certain agricultural goods, in Kosovo and export them duty-free to the United States.

A Customs internal Administrative Instruction (AI) reduces the number of documents required for export and import. Only two documents are needed to export -- a commercial invoice and a customs export declaration -- and only three are now required to import -- a commercial invoice, a customs import declaration, and a certificate of origin.

Right to Private Ownership and Establishment

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Government regulations and the Foreign Investment Law do not interfere with the establishment, acquisition, or sale of interests in enterprises by private entities. Foreign investors can receive private ownership rights. Foreign investment is not subject to approval by the Government of Kosovo, except when such approval would be required for similar domestic businesses. The following rights also apply:

- a) Foreign investors may transfer property rights, including permits, to other legally qualified persons in the same manner and to the same extent as domestic investors;
- b) Foreign investors have the right to purchase residential and non-residential property to the same extent as domestic entities;
- c) Foreign investors with less than a majority stake in an investment are protected as domestic minority shareholders in accordance with applicable law;
- d) Foreign investments are subject to the same tax obligations as domestic businesses; and
- e) Foreign investors may establish subsidiary enterprises, branches, and representative offices in the same manner and to the same extent as domestic businesses.

Protection of Property Rights

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Generally, Kosovo's *de jure* property-related laws are well-structured and provide for security and transferability of rights. As a result of regime changes, confiscation, and conflict, a complex legal and regulatory framework prevails. Although general agreement exists that many of Kosovo's property laws reflect international best practice, most also argue that the pluralistic legal environment would benefit from a harmonization exercise.

In general, the current institutional framework is not designed to resolve claims and challenges to property rights in an efficient and effective manner. Government ministries, municipal authorities, and independent agencies often have overlapping jurisdictions, and the court system is backlogged with property-related cases. The cadastral record, having been moved out of the country in 1999 (see below) and with many documents destroyed or lost, is slowly being rebuilt. The delay also limits the development of the formal property market needed for more stable economic growth. Concerns about restitution of property and the privatization of SOEs have not yet been fully resolved, while issues related to the rights of minority communities exacerbate tensions between groups. Illegal construction in Kosovo abounds, and obstacles to women's right to inherit land, maintain marital property, and protect their property rights claims in the court system are widespread. This piecemeal approach to reform over the past decade has left the country with a patchwork of uncertain property rights, which continues to undermine long-term growth and economic stability.

Resolution of residential, agricultural and commercial property claims remains a serious and contentious issue in Kosovo. Most property records were destroyed or removed to Serbia by the Serbian government during the 1998-1999 conflict, making determination of rightful ownership for the majority of properties complex. There have been cases of multiple ownership claims on a single property, each claimant presenting a variety of ownership documents as proof. The EU-facilitated Kosovo-Serbia dialogue process is helping to address the cadastral record taken from Kosovo in 1999 by Serbia. With respect to the 1998-1999 armed conflict, the Kosovo Property Agency (KPA), formerly the Housing and Property Directorate (HPD), has the authority to receive, register, and resolve property claims on private immovable property, including agricultural and commercial property. Decisions taken by the Kosovo Property Claims

Commission within the KPA are subject to a right of appeal only to the Supreme Court. KPA received 42,696 total claims, of which 37,645 relate to agricultural property. The KPA is also mandated to deal with a limited number of activities that formerly belonged to the UNMIK-era HPD and to implement Housing and Property Claims Commission (HPCC) decisions pending enforcement. Legislation currently in the National Assembly will transform the KPA into the Kosovo Property Comparison and Verification Agency with the additional mandate of implementing the EU dialogue agreement on the cadaster. The U.S. Government in conjunction with the EU also will soon launch a four-year project on property rights to improve legislation, reduce court times for property-related cases, strengthen relations between municipalities and the relevant central-level institutions, and raise awareness for women's property rights.

Intellectual Property Rights

The Law on Patents, Law on Trademarks, and Law on Industrial Design, together with the relevant Criminal Code provisions, provide for strong protection of intellectual property rights, authorize enforcement of trademark, copyright and patent laws, and comply with related international conventions. In 2013, the Assembly adopted the Law on Geographical Indices, further enriching the IPR legal base. MTI established the Industrial Property Rights Office (IPO) in 2007, which is tasked with IPR protection. The 1981 Yugoslav Law on Protection of Inventions, Technical Improvements, and Distinctive Signs, and 1991 Law on Authors Rights are also considered applicable law in Kosovo's courts. These laws adhere to international treaties and conventions, such as the Paris Convention, Madrid Protocol, Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, Budapest Treaty, and several European Council Directives on protection of IPR. To enhance IPR enforcement and increase inter-agency coordination, the government adopted an IPR Strategy and established the National Intellectual Property Council and the Task Force against Piracy. These bodies' structures are similar, comprised of the IPO, the Copyright Office, Customs, Kosovo Police Departments for Economic and Cyber Crimes, Market Inspectorate, Ministry of Justice. The Council also comprises the Kosovo Prosecutorial Council, courts, and other government and non-governmental institutions. The presence of institutions notwithstanding, relevant staff engaged in IPR protection generally lack capacity, and the government needs to conduct more training and enforcement actions. Protection of intellectual property is poor. A number of counterfeit consumer goods (notably CDs, DVDs, and clothing items) are available for sale and are openly traded. The government implemented an anti-piracy awareness campaign in April-August 2013 that resulted in the confiscation of more than 37,000 counterfeit CDs and photocopied books. In addition, two associations for collective administration of copyrights were licensed in 2013 and are negotiating tariffs with media broadcasters. These actions mark the first serious steps by the government towards combating IPR infringements.

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Transparency of Regulatory System

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The 2011 Law on Public Procurement devolves the power of procurement to budgetary units (i.e., ministries, municipalities, and independent agencies) except when the government authorizes the Ministry of Finance's Central Procurement Agency to procure goods and/or

services on its behalf. All tenders are advertised in Albanian and Serbian, as well as in English in cases of large tenders. The Public Procurement Regulatory Commission (PPRC) initiates procurement audits of the various Kosovo ministries, municipal authorities, and agencies receiving funds from the Kosovo Consolidated Budget. In November 2013, the GoK amended the Law on Public Procurement in line with a request by business associations to encourage the purchase of domestic goods through public contracts. The amended law was passed by the Assembly in late March, 2014.

All legal, regulatory, and accounting systems in Kosovo were created to adhere to European Union standards and follow best international practices. Laws passed in the Assembly are generally business-friendly. However, public procurement practices in Kosovo remain an ongoing challenge. While the government seeks transparency in the process, international companies competing in high-value public procurement projects have reported numerous irregularities. The government publishes the rules, regulations, and procedures of the tendering process on the Public Procurement Regulatory Commission (PPRC) website at: <http://krpp.rks-gov.net/Default.aspx?LID=2>. Public procurement appeals are managed by the Public Procurement Review Body (PPRB). The PPRB did not operate from August 2013 to March due to Assembly delays in appointing new board members. Once reconstituted, the PPRB experienced a backlog of over 250 appeals, many with expired mandates.

Efficient Capital Markets and Portfolio Investment

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The Central Bank of Kosovo (CBK) is an independent body responsible for fostering the development of competitive, sound, and transparent banking and financial sectors. It supervises and regulates Kosovo's banking sector, insurance industry, pension funds, and micro-finance institutions. The CBK also performs other standard central bank tasks, including cash management, transfers, clearing, management of funds deposited by the Ministry of Finance and other public institutions, collection of financial data, and management of a credit register. Kosovo received a SWIFT code in August 2013, which aims to ensure the safety of the Kosovo banking system, following failed prior attempts due to a lack of international recognition. The CBK cannot grant loans to banks, but issued the first government securities in the form of 90-day Treasury bills at 3.5% in January 2012. Only commercial banks could participate in the auction, because they met the criteria of primary bond traders per the Regulation on Treasury Bonds. A secondary market to allow banks and other clients to trade the securities is under development. The Government raised €80 million through Treasury bills last year, and is planning to raise €100 million through six-month to two-year Treasury bills in 2014.

Kosovo's private banking sector remains well-capitalized and profitable. Difficult economic conditions, a lack of strong rule of law and contract enforcement processes, and a risk-averse posture have limited banks' lending activities. This cautious approach is evident in its excess reserves, which are above the minimum level required by the Central Bank of Kosovo. Most deposits are demand deposits, and total assets of the three largest banks, which are international banks, amount to 67.9% of Kosovo's entire banking sector. As of June 2013, Kosovo's banks increased loans at an annual rate of only 2.8% (less than one-third the rate of the prior year). Approximately 70% of all lending activity is to businesses. Despite positive trends, relatively little lending is directed toward long-term investment activities. High interest rates (averaging approximately 13%) and collateral requirements act as disincentives to

borrowers. Slow lending is most notable in the northern part of Kosovo due to a weak judiciary, slow economic growth characterized by informal business activities and few qualified borrowers.

As of the beginning of 2014, Kosovo had nine commercial banks and 13 licensed insurance companies.

The official currency of Kosovo is the Euro even though the country is not part of the eurozone. Given that the Central Bank of Kosovo does not have independent monetary policy; prices react heavily to market trends in the larger eurozone.

Competition from State Owned Enterprises

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Kosovo has 61 state-owned enterprises, 44 of which municipalities manage and are concentrated in central heat, waste, and water sectors. The majority of Kosovo's state-owned enterprises operate with losses and need government subsidies to sustain. A few, like Post and Telecommunications (PTK) and the Kosovo Energy Corporation (KEK), generate profits. State interference in the operation of these companies is considerable since the appointment of boards and senior executives is based on political patronage, with little importance placed on qualifications. These companies are led by Boards of Directors, and each board reports to the government. All POE directors must complete an annual training course on Corporate Governance. State-owned enterprises must submit annual reports and are subject to external audits. The government has privatized some of its key assets and aims to continue doing so. Kosovo does not have a sovereign wealth fund.

Corporate Social Responsibility

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With the maturation of Kosovo's economy, reflected in its legislation, institutions, and an improving business climate, the private sector is beginning to adopt and pursue international best practices on corporate social responsibility (CSR). Through the efforts of the business community, CSR is becoming a more widely recognized concept. AmCham Kosovo, for example, has prioritized raising funds for local charities, such as those supporting autistic children, and organizations that promote employment of persons with disabilities.

Political Violence

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In the summer of 2011, a trade dispute with neighboring Serbia, one of Kosovo's largest trading partners, led to a blockade of cross-border trade between the countries for approximately two months. Isolated incidents of inter-ethnic and politically motivated violence, as well as sporadic political protests, have occurred since then, but none of these events adversely affected Kosovo's political stability or overall economic situation. The Kosovo Police, Kosovo Security Force, the European Union's Rule-of-Law Mission in Kosovo (EULEX), and the NATO Kosovo Security Force (KFOR) respond to and investigate such events in accordance within their legal mandates. Kosovo's judiciary is augmented by EULEX, which has a Monitoring, Mentoring, and Advising (MMA) role, in rule of law matters.

The World Bank's "Doing Business" Report for 2014 ranks Kosovo 86 out of 189 economies, an improvement of 10 places in one year. Corruption, real and perceived, remains one of the most serious problems in attracting foreign investment in Kosovo. Transparency International's 2012 "Corruption Perceptions Index" ranked Kosovo 111 out of 177 countries and territories surveyed, similar to the prior year's results.

General Advice

It is important for U.S. companies, irrespective of their size, assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program and measures to detect and prevent corruption, including foreign bribery. U.S. persons and firms operating or investing in foreign markets should become familiar with the relevant anti-corruption laws of both Kosovo and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, and requiring them to uphold their obligations under relevant international conventions. A U.S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

Anti-Bribery Treaties and Conventions:

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Website listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most

countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental in the expansion of the international framework to fight corruption. Several significant components of this framework are the Organization of Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-bribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. Kosovo is party to the OECD Anti-bribery Convention and the Council of Europe Convention at this time.

OECD Anti-bribery Convention: The OECD Anti-bribery Convention entered into force in February 1999. As of December 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not yet parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Anti-bribery Convention through the U.S. FCPA.

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009: <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>. The UN Convention is the first global comprehensive international anticorruption agreement and requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Anti-bribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Kosovo is not currently a party to the UN Convention, but is a party via UNMIK Regulation 2001/3 to the OECD Convention (see above).

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member States (45 European

countries and the United States). As of December 2009, the Criminal Law Convention has 42 parties and the Civil Law Convention has 34 (see <http://www.coe.int/greco>).

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. Kosovo does not currently have a FTA with the United States.

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Embassy Pristina became a Commercial Partnership Post with Vienna in January, allowing it to offer more services to qualified U.S. companies. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. Government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center : See “Report a Trade Barrier” Website at http://tcc.export.gov/%5C%5C/Report_a_Barrier/index.asp

Local Information: Public sector corruption in government procurement tenders and privatization, including bribery of public officials and officials seeking payoffs, remains a major challenge for U.S. firms operating in Kosovo. Corruption also remains widespread in private industry, adversely affecting commercial development. The Law on the Suppression of Corruption was passed in May 2005, creating an Anti-Corruption Agency (ACA) to address this problem. This agency is tasked with, among other duties, preparing an anti-corruption strategy for Assembly approval, conducting administrative investigations of alleged corruption cases, and monitoring proper implementation of the Corruption Law. Citizens can report suspected corruption via a toll-free hotline number 044 082 82 or through the Anti-Corruption Agency's website at www.akk-ks.org. For 2013, Anti-Corruption Agency figures show an increase of reports received by ACA and of those forwarded for investigation and prosecution. Other government institutions and agencies in Kosovo that combat corruption include Investigation

Units within Customs, Tax Administration, Kosovo Police, State Prosecutor, Financial Intelligence Unit, Public Procurement Review Body, and Office of Auditor General. Transparency International Kosovo has a presence in Kosovo through the Kosovo Democratic Institute, a local NGO anti-corruption watchdog, and several independent local NGOs also monitor and publish anti-corruption reports.

In 2008, the Kosovo government took additional legislative steps to combat corruption. Government officials are now required to disclose all gifts received, as stipulated by the Law on Suppression of Corruption. In June 2009, the Assembly passed the Law on Declaration, Origin, and Control of Assets of Senior Public Officials, which requires government officials to file asset declarations upon entry and exit from government service. ACA reports indicate that over 95% of all senior officers declared their assets; non-reporting officials were subject to court proceedings, with fines resulting in some cases. In January 2010, the Kosovo Assembly adopted a new law that established the Kosovo Anti-Corruption Agency and defined its status and role in preventing and combating corruption. Kosovo's Financial Intelligence Unit has the authority to conduct analysis in support of criminal investigations. The amended Law on the Prevention of Money Laundering and Terrorism Financing passed in 2013 is largely compliant with the EU *Acquis Communautaire*.

There are frequent reports of irregularities in public tendering procedures. The Public Procurement Law clearly defines the division between executive and regulatory functions in accordance with EU practices. Tax evasion is high, and both local and foreign businesses are concerned about the professional ethics of some government officials who reportedly accept bribes or extort firms in exchange for licenses, permits, movement of paperwork, or even routine public services.

Anti-Corruption Resources: Additional resources for individuals and companies regarding the combating of corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Anti-bribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Anti-bribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>.
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: <http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in countries and territories of the world. The CPI is available at: <http://cpi.transparency.org/cpi2013/> TI also publishes an annual *Global Corruption Report* which provides a systematic

evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/research/gcr>.

- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <http://info.worldbank.org/governance/wgi/index.aspx#countryReports> The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>
- The World Economic Forum publishes the Global Enabling Trade Report, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.
- Additional country information related to corruption can be found in the U.S. State Department's annual Human Rights Report available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Additional information on labor legislation and issues can be found at the U.S. Department of Labor's Child Labor Report at <http://www.dol.gov/ilab/reports/child-labor/findings/2012TDA/kosovo.pdf>
- Global Integrity, a nonprofit organization, publishes its annual Global Integrity Report, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org>.
- World Bank's Ease of Doing Business Report: <http://www.doingbusiness.org/rankings>.
- Heritage Foundation: Please note the Heritage Foundation does not cover Kosovo during; general data for other countries can be found at: <http://www.heritage.org/Index/Ranking>.
- For Millennium Challenge Corporation (MCC) Kosovo Rankings visit: <http://www.mcc.gov/documents/scorecards/score-fy13-kosovo.pdf>.

Bilateral Investment Agreements

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Albania was the first country to sign a Free Trade Agreement (FTA) with Kosovo in 2003, followed by Macedonia in 2005. The Kosovo-Macedonia FTA stipulates that Kosovo imports

have complete duty-free access to the Macedonian market. In reality, however, Macedonia still imposes some duties at the border, particularly on agricultural imports. In September 2013, Kosovo and Macedonia had a 10-day trade dispute over Macedonia's failure to revoke restrictions on wheat imports by the deadline set by the Central European Free Trade Area (CEFTA), prompting Kosovo authorities to ban imports of all Macedonian goods and resulting in a border blockade by Macedonia's transporters' association. In 2006, Kosovo, through UNMIK representation, signed FTAs with Croatia and Bosnia-Herzegovina and became a signatory to CEFTA and EU Common Aviation Area. CEFTA came into force in July 2007; by September 2007, all signatories ratified the agreement, including Serbia. As with the FTA with Macedonia, CEFTA signatories continue to charge various fees for Kosovo goods. Kosovo signed a FTA with Turkey in September 2013. Kosovo aims to liberalize trade with the EU as part of its ongoing negotiations for a Stabilization and Association Agreement. Its membership in the Athens Process on Energy for the Southeastern Europe Energy Community Treaty is a significant step for Kosovo toward achieving increased regional cooperation and securing alternate sources of energy.

OPIC and Other Investment Insurance Programs

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The U.S. Overseas Private Investment Corporation (OPIC) has been involved in Kosovo since 2000, providing financing, political risk insurance and other investment vehicles to U.S. investors. In June 2009, OPIC signed an investment agreement with Kosovo. With OPIC assistance, U.S. investors are currently involved with projects in the energy and real estate development sectors. Kosovo is also a member of the World Bank, Multilateral Investment Guarantee Agency, International Monetary Fund, and EBRD.

Labor

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Kosovo's Law on Labor requires employers to observe all applicable employee protections, including a 40-hour full-time work week, payment of overtime, adherence to occupational health and safety standards, respecting annual leave benefits, and ensuring up to 12 months of maternity leave (six months of paid leave at a reduced rate, followed by six months of unpaid leave). The labor law calls for a monthly minimum wage, which a 2011 government decision set at €130 for employees under 35 and €170 for those over 35 years of age. A public-sector salary increase of 25% will take effect in May and might cause inflationary pressures on private-sector wages. In March, the GoK, labor unions, and private-sector representatives signed a collective agreement regulating employee-employer relationships, ensuring protection of employee rights, and providing €2 daily allowance for meals for each employee. The Ministry of Labor and Social Welfare has created a compliance office with the authority to inspect employer adherence to labor law requirements. Labor disputes are formally adjudicated in local courts, but access to courts and predictability of judgment presents investor risk.

Kosovo requires businesses to pay a 5% social security contribution per employee, one of the lowest rates in Europe. A new Law on Health Insurance, adopted in April 2014 and scheduled to take effect in 2015, requires a 3.5% payment per employee.

The Kosovo Customs and Excise Code is business-friendly, compliant with EU and World Customs Organization standards, and addresses topics such as bonded warehouses, inward and outward processing, transit of goods, and free-trade zones with the aim of facilitating trade and stimulating export growth. In addition to imported goods, some domestically produced goods from designated industries can be stored in bonded warehouses when these goods meet export criteria. Foreign firms are permitted to import production inputs for the manufacture of export goods without paying taxes or customs duties.

The Customs Code permits the establishment of zones for manufacturing and export purposes, and the GoK recently approved the establishment of economic zones in the municipalities of Gjakova/Djakovo and Mitrovica.

Kosovo does not currently have a formalized system for collecting foreign direct investment data. The Investment Promotion Agency of Kosovo (IPAK) estimates over 2,800 foreign companies of all types and sizes are currently operating in Kosovo. Central Bank figures indicate €204.9 million of FDI as of September 2013, representing an increase of 14% compared with same period in 2012. At the end of September 2013, the top foreign investors by country were Turkey (€72.8 million), Switzerland (€31.6million), Albania (€18.3 million), and Germany (€13.4 million). The top sectors for foreign investment as of September 2013 include real estate (33.4%), construction (17.0%), transport and telecommunications (14.6%), and financial services (10.9%).

TABLE 2: Key Macroeconomic data, U.S. FDI in host country/economy

	Host Country Statistical source*		USG or international statistical source		USG or international Source of data
	Central Bank of Kosovo		IMF		Source of Data: IMF
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (Millions U.S.D.)	2012	6.8 billion	2013	7.1 billion	http://www.imf.org/external/country/UVK/index.htm

Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: IMF
	Statistical Agency		IMF		
U.S. FDI in partner country (Millions U.S.D., stock positions)	2012	87.2	2012	54	(BEA) click selections to reach. <ul style="list-style-type: none"> Bureau of Economic Analysis Balance of Payments and Direct Investment Position Data U.S. Direct Investment Position Abroad on a Historical-Cost Basis By Country only (all countries) (Millions of Dollars)
Host country's FDI in the United States (Millions U.S.D. stock positions)	2012	9	2012	9	(BEA) click selections to reach <ul style="list-style-type: none"> Balance of Payments and Direct Investment Position Data Foreign Direct Investment Position in the United States on a Historical-Cost Basis By Country only (all countries) (Millions of Dollars)
Total inbound stock of FDI as % host GDP (calculate)	2012	6.3%	2012	4.3%	http://www.imf.org/external/pubs/ft/scr/2013/cr13379.pdf

* Host Country Statistical source

TABLE 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (USD, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	3,331	100%	Total Outward	155	100%
Slovenia	297	9%	Albania	41	26%
Germany	265	8%	Germany	17	11%
Turkey	229	7%	Macedonia, FYR	12	7%
Netherlands	223	7%	Switzerland	10	7%
Switzerland	167	5%	United States	9	6%

"0" reflects amounts rounded to +/- USD 500,000.

IMF data presented in Table 3 differs slightly from the Central Bank of Kosovo's (CBK) data: CBK data for 2012 show a total \$3.272 billion in FDI, with major investors being Germany (\$515 million), Slovenia (\$289 million), Switzerland (\$240 million), Turkey (\$203 million), and the Netherlands (112 million). Data for Outward Direct Investment match the CBK data for 2012.

TABLE 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, USD)								
Total			Equity Securities			Total Debt Securities		
All Countries	1,516	100%	All Countries	467	100%	All Countries	1,049	100%
Ireland	471	31%	Ireland	424	91%	Luxembourg	356	34%
Luxembourg	356	23%				Belgium	337	32%
Belgium	337	22%				Italy	53	5%
Italy	53	3%				Sierra Leone	51	5%
Sierra Leone	51	3%				Germany	48	5%

CBK data for 2012 indicate the same country-based percentage participation in Kosovo's portfolio investments. Slight differences are noted in the statistics for the percentage of equity and debt securities in the total assets of portfolio investment, namely 30% (CBK) vs. 26.6% (IMF) for equity and 70% (CBK) vs. 64% (IMF) for debt securities.

Contact Point at Post

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- +381 38 5959 3000
- FabrisCE@state.gov

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Chapter 7: Trade and Project Financing

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- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
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How Do I Get Paid (Methods of Payment)

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About 75% of Kosovo importers regularly receive goods under short-term supplier credits. Longer term financing may be sought for larger purchases, but may be difficult to obtain. The following instruments are used in Kosovo for payments abroad: remittances, documentary collections, checks, and letters of credit. No credit rating agencies currently operate in Kosovo. As of August 2013, Kosovo obtained its own SWIFT code.

How Does the Banking System Operate

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Kosovo's financial sector has developed rapidly during the last six years, particularly in banking. The Central Bank of Kosovo (CBK) is a distinct public entity with the authority to license, supervise, and regulate financial institutions in Kosovo. CBK has adopted banking rules and regulations in line with the Basel Accords and EU directives.

Kosovo uses the Euro as its national currency even though the country is not a member of the European Central Bank and has no independent monetary policy of its own.

As of January 1, 2014, nine commercial banks operated in Kosovo, six of which were foreign-owned and comprised 89% of total banking system assets. Two domestic banks accounted for the remaining 11%. The latest entry to the Kosovo market was Tyrkiye Is Bankasi (Is Bank, of Turkey), which opened in late 2012. Commercial banks accounted for 73% of the financial sector assets and pension funds, insurance companies, and other financial intermediaries comprise the rest. In June of 2013, financial-sector assets amounted to € 3.8 billion, recording an annual growth rate of 8.1%.

Neither the banking sector nor local commercial enterprises are sufficiently capitalized to finance large investment projects. Over the past three years, there has been little private investment in Kosovo outside of housing construction. About 68% of bank loans have maturities of two years or more, with maturities of two to five years accounting for 45% of loans. Almost 79% of banks' liabilities are demand deposits.

Credit Cards

Kosovo is still primarily a cash economy, although credit cards are becoming increasingly accepted in Pristina and commercial centers around the country. All major banks issue MasterCard and Visa credit cards. Major retail stores and hotels accept credit cards, and ATMs are available throughout Kosovo.

E-banking

E-banking has been present for some time now in Kosovo, and all commercial banks, except Tyrkiye Is Bankasi, provide e-banking services.

Private account holders use a token for security, and corporate cards come with a card reader to be used when performing transactions over the Internet.

Foreign-Exchange Controls

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Kosovo has adopted the Euro as its national currency. The CBK has no monetary policy tools to influence the Euro. Other than reporting the removal or importation of €10,000 into the country to Kosovo Customs, there are no currency or payment restrictions related to use of the Euro in Kosovo.

U.S. Banks and Local Correspondent Banks

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None

Project Financing

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The following are international bilateral and multilateral institutions that provide project financing:

Overseas Private Investment Corporation (OPIC):

OPIC is a U.S. Government agency that promotes economic growth in developing and high-risk countries or regions by encouraging U.S. private investment. OPIC's investment incentive tools are loan guarantees, direct loans and political risk insurance. OPIC has supported two projects in Kosovo, a hydro power plant project and a real estate development project.

OPIC 1100 New York Ave, NW Washington, DC 20572 Tel: (202) 336-9700 Fax: (202) 408-5155
Website: www.opic.gov

U.S. Trade and Development Agency (USTDA):

USTDA is a U.S. Government agency that advances economic development and U.S. commercial interests in developing and middle-income countries. The agency funds various forms of

technical assistance, early investment analysis, training, orientation visits, and business workshops that support the development of a modern infrastructure and a fair and open trading environment. Contracts funded by USDA grants must be awarded to U.S. companies. USDA has been active in Kosovo's telecommunications and information technology (IT) sectors.

World Bank

The World Bank serves as a vital source of financial and technical assistance to developing countries around the world.

Kosovo Resident Representative: Jan Peter Olters, Country Manager, Pristina, Tel: +381 38 224 454 ext 111. www.worldbank.org

European Investment Bank

The EIB is the European Union's bank. It is owned by and represents the interests of European Union Member States. It works closely with other EU institutions to implement EU policy. In June 2013, the EIB signed a Framework Agreement with Kosovo, allowing it to finance priority projects, particularly in the areas of the environment, transport, telecommunications, and energy infrastructure. EIB's involvement will facilitate the co-financing of projects with other donors and support the implementation of the Western Balkans Investment Framework and the Western Balkans Enterprise Development and Innovation Facility.

European Investment Bank Representative – Matteo Rivellini, Senior Loan Officer (Slovenia, Croatia & Western Balkans lending), Luxembourg, Tel: +352 43 79 88417. www.eib.org

Council of Europe Bank

The Council of Europe Development Bank (CEB) is a multilateral development bank with a social vocation. Established on 16 April 1956 to bring solutions to the problems of refugees, its scope of action has progressively widened to other sectors of action directly contributing to strengthening social cohesion in Europe.

Thierry Poirel, Head of Loans and Social Development, Paris, Tel: +33(0)1 47 55 55 00
www.coebank.org

European Bank for Reconstruction and Development (EBRD):

The EBRD is an international financial institution that supports projects in 30 countries from central Europe to central Asia. Investing primarily in private sector clients whose needs cannot be fully met by the market, the EBRD promotes entrepreneurship and fosters transition towards open and democratic market economies.

EBRD Pristina Resident Office

Anton Kobakov, Head of Office

Pristina-Fushe Kosove Main Road

PO Box 122

Pristina, Kosovo Tel: +381 (0)38 242 07000 Fax: +381 (0)38 242 07071

E-mail: kobakova@ebrd.com Website: www.ebrd.com

U.S. Trade and Development Agency, Scott Greenip, Country Manager for Eurasia, Washington, D.C. area Tel: (703) 875-4357 Fax: (703) 875-4009 Website: www.ustda.gov

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

(Insert a link to the applicable Multilateral Development Bank here and any other pertinent web resources.)

World Bank: www.worldbank.org

European Investment Bank: www.eib.org

Council of Europe Bank: www.coebank.org

European Bank for Reconstruction and Development: www.ebrd.com

Central Bank of Kosovo: www.bqk-kos.org

ProCredit Bank Kosovo: www.procreditbank-kos.com

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Chapter 8: Business Travel

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Business Customs

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Business meetings occur at any time of the business day, which usually starts at 8:00 a.m. and ends at 4:00 p.m. Government ministries and offices are open Monday through Friday during these hours. Business meetings can be formal or informal. English is generally understood by most communities in Kosovo. Depending on one's audience, saying a few words in Albanian or Serbian or knowing a few greetings or phrases in other local languages, such as Turkish, will impress locals who nearly universally admire the United States. Most Kosovo-Albanians over the age of 35 speak Serbian; however, unless you know your interlocutors well, it is preferable to use English or Albanian if they are viable options. Kosovo-Serbs who operate businesses are generally fluent in English -- though variation exists -- but rarely in Albanian. Many Kosovars -- Albanians more so than Serbs -- have studied in the United States. Kosovars of all ethnic backgrounds are hospitable to foreigners, especially westerners. Invitations to lunch, dinner, receptions, even religious family customs, and other official and/or private family hospitalities are normally offered and should be accepted if possible. Be prepared for small talk dominating much of the discussion and do not be concerned if your interlocutor does not immediately get down to business. If offered, be prepared to accept coffee, tea, or other beverages, which are signs of respect for the host. (Note: Many Kosovars smoke, and a ban on smoking in public places is being sporadically followed.) Dress at meetings should be business attire, but a formal suit is not expected. It is preferable to print business cards with one side in English and the other side in Albanian and/or Serbian. It is advisable, but not necessary, to have a temporary local or international mobile phone, which can be obtained locally. While not expected, giving gifts depends on the closeness of the relationship. If it is known that your local contact will provide you with a gift, be prepared to offer one in exchange. Emphasis is not placed on the value of the item but on the thought.

Travel Advisory

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The State Department Consular Information Sheet for Kosovo is available at:
http://pristina.usembassy.gov/information_for_travelers.html.

Visa Requirements

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To enter Kosovo, U.S. citizens need a passport that will be valid at least six months upon entry. No visa is required, but visitors may be asked to produce documentation to demonstrate the purpose of their visit. Visitors allowed entry to Kosovo are permitted to stay for up to 90 days. Persons who wish to prolong their stay beyond 90 days will need to register at the Office for Registration of Foreigners, located in the Main Police Headquarters in Pristina.

Prior to traveling to Kosovo, U.S. business travelers are highly encouraged to obtain general and country-specific travel information from the U.S. Department of State's website at: http://travel.state.gov/travel/cis_pa_tw/cis/cis_4170.html.

U.S. companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

United States Embassy in Pristina: <http://pristina.usembassy.gov>

United States Embassy in Macedonia: <http://macedonia.usembassy.gov>

Telecommunications

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Kosovo has both fixed line and mobile telephony services, which are in the process of being modernized and updated. Telephone charges are the lowest in the region. U.S. calling cards are not accepted in Kosovo.

Prepaid cellular phones may be rented locally for a fee. There are charges on all calls made from and received on cellular phones. "World phones" do not receive reliable coverage in Kosovo.

Kosovo's Internet service is provided by two privately-owned companies, Kujtesa and IPKO, both offering high-speed internet access. Free Wi-Fi has become a usual occurrence in Pristina cafes and restaurants.

Transportation

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Transportation options for business travelers are limited to car rentals or private taxi. There are two international rental firms, Europcar and Hertz, represented by a local agent at Pristina International Airport. Local travel company MCM offers similar services, with locations at the airport and downtown Pristina. Another local firm, Limo Prishtina, offers car rentals with or without a driver and also acts as a travel agent. A considerable number of private taxis are available.

Language

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Albanian and Serbian are the official languages in Kosovo. English is widely spoken and understood, but it is advisable to have an interpreter.

Health

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Kosovo's public health and medical facilities are in poor condition. The quality of the numerous private clinics varies. Many Kosovars and internationals travel to Macedonia and Turkey for more complex health care services and medical treatment. For additional medical information, visit the U.S. Embassy Pristina's website at:

http://pristina.usembassy.gov/medical_information2.html.

Local Time, Business Hours, and Holidays

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Kosovo is six hours ahead of U.S. Eastern Standard Time. Kosovo local time is GMT plus one hour. The Government of Kosovo's official working hours are from 8:00 am to 4:00 pm, Monday through Friday. Banking hours depend on the bank and the location, although most are open from 9:00 am to 5:00 pm and closed on public holidays. Some banks are open on Saturdays from 9:00 am to 2:00 pm.

U.S. Embassy Pristina hours are 8:00 am to 5:00 pm, Monday through Friday. U.S. Embassy Pristina closes for U.S. and Kosovo holidays.

Kosovo adheres to the western calendar. Two major Muslim holidays are observed based on the lunar calendar: Eid al-Fitr marks the end of the fasting month of Ramadan and Eid al-Adha marks the conclusion of the pilgrimage (Hajj) to Mecca. The exact dates of these holidays are determined by the government and religious leaders in advance of their observance. Catholic and Orthodox Christian holidays are also observed.

Public-sector officials and private-industry representatives often take vacation from July to September. The week between New Year's and Orthodox Christmas is also a popular time to take leave.

Temporary Entry of Materials and Personal Belongings

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Most standard business equipment for individual use may be brought into Kosovo temporarily without incurring customs duties. Exhibition materials may be imported for temporary use, but a tax-based bank guarantee must be paid. Upon departure, the guarantee is reimbursed to the importer. If the items are sold in Kosovo, customs duties will be applied. Exhibition organizers generally designate a local freight forwarder and a clearing agent for specific events in order to assist foreign exhibitors with entry procedures.

<http://travel.state.gov/>

http://pristina.usembassy.gov/information_for_travelers.html

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Chapter 9: Contacts, Market Research and Trade Events

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Contacts

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Kosovo's country code for fixed line telephony is 381. There are also regional area codes in Kosovo. Country codes for cellular service are +377 (VALA) and +386 (IPKO).

Ministry of Agriculture, Forestry and Rural Development

St. Mother Theresa n.n, 10000 Pristina

Tel: +381 38 211 821;

Email: ramadan.gagica@rks-gov.net

Website: <http://www.mbpzhr-ks.net/>

Ministry of Economic Development

36 Mother Theresa, 10000 Pristina

Tel: +381 (0) 38 200 215 35/215 00/215 01

Fax: +381 (0) 38 200 215 03

Web: <http://mzhe.rks-gov.net/>

E-mail: leandra.prekazi@rks-gov.net; donika.lamaxhema@rks-gov.net

Ministry of Finance

New Government Building, Mother Teresa St., 10000 Pristina

Tel: +381 (0)38 200 34 101

Web: mf.rks-gov.net

Email: adea.muharremi@mf-rks.org

Ministry of Health

St. Zagreb n.n, 10000 Pristina

Tel: +381 38 213 886; + 381 38 200 24 131

Website: <http://www.msh-ks.org/>

Email: faik.hoti@ks-gov.net

Ministry of Trade and Industry

St. Muharrem Fejza, 10000 Pristina

Tel: + 381(0) 38 512 059; + 381(0) 38 512 133

Fax: + 381 38 512 798

Email: zkp.mti@rks-gov.net

Website: <http://www.mti-ks.org/>

Kosovo Customs

Veternik 1, Industrial Zone, 10000 Pristina
Tel: +381 (0)38 540 350; 541 030/031/032
Fax: +381 (0)38 544 839
Email: HQ@dogana.rks-gov.net
Web: www.dogana.rks-gov.net

Privatization Agency of Kosovo

8 Ilir Konushevci St., PAK HQ, 10000 Pristina
Tel: +381 (0)38 500 400
Fax: +381 (0)38 248 076
Website: www.pak-ks.org
E-mail: info@pak-ks.org

Investment Promotion Agency of Kosovo (IPAK)

Ministry of Trade and Industry (MTI)
Muharrem Fejza str. n.n, Lagja Spitalit, 10000 Pristina
Tel: + 381 (0)38 200 36 542; 26 541
E-mail : agneska.kastrati@rks-gov.net
Web: www.invest-ks.org

Kosovo Business Registration Agency

Muharrem Fejza Str, n.n, Lagjja e Spitalit, 10000 Pristina
Tel: +381 (0)38 512 265
E-mail: infoarbk@rks-gov.net
Website: www.arbk.org

Industrial Property Office

Muharrem Fejza Str, n.n, Lagjja e Spitalit, 10000 Pristina
Tel: +381 (0)38 200 36 526
Email: flutra.h.hoxha@rks-gov.net
Web: www.mti-ks.org

Business and Trade Associations:**American Chamber of Commerce in Kosovo**

Perandori Justinian, No. 13, 10000 Pristina
Phone: +381 (0)38 609 013
Contact: Mr. Arian Zeka, Executive Director
Website: www.amchamksv.org
E-mail: info@amchamksv.org

Kosovo Chamber of Commerce

Mother Teresa 20, 10000 Pristina
Tel: +381 (0)38 224 741
Fax: +381 (0)38 224 299
Contact: Mr. Safet Gerxhaliu, President
Website: www.oek-kcc.org

E-mail: info@oek-kcc.org

Kosovo Business Alliance

Dardania, SB-6,6/6, B-4, 10000 Pristina
Phone/Fax: +381 (0)38 551 311
E-mail: lumnije_akb@hotmail.com

Kosovo-German Chamber of Commerce

Luan Haradinaj St, 18/1 10000 Pristina
Tel: + 381 38 241 800
Fax: +381 38 241 900
E-mail: info@kdww.org
Website: <http://www.kdww.org/>

Turkish Chamber of Commerce in Kosovo

Imzot Nike Prela nr. 42, Ulpianë, 10000 Pristina
Phone/Fax: + 381 (0) 38 550 100
Contact: Esin Muzbeg
Email: esin.muzbeg@kt-to.org
Website: <http://www.kt-to.org>

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Free registration to the site is required.

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

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Chapter 10: Guide to Our Services

The President's National Export Initiative marshals federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities and support them once they do have exporting opportunities.**

The U.S. Embassy Pristina's Economic and Commercial Section through its U.S. Commercial Partnership post in Vienna offers customized services to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to the Kosovo market. Our services include:

- Single Company Promotion
- Business Facilitation Services
- Gold Key Matching Service
- Platinum Key Service
- International Partner Search

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the Embassy Pristina's services, please click on the following link: http://pristina.usembassy.gov/services_for_us_companies.html)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center at (800) USA-TRAD(E).**

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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